

SECURITIES AND EXCHANGE COMMISSION

FORM N-2/A

Initial filing of a registration statement on Form N-2 for closed-end investment companies [amend]

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FILER

INTERCAPITAL INSURED MUNICIPAL SECURITIES

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Business Address
2 WORLD TRADE CENTER,
72ND FLOOR
NEW YORK NY 10048

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

 FORM N-2
 REGISTRATION STATEMENT
 UNDER THE SECURITIES ACT OF 1933 (X)

 PRE-EFFECTIVE AMENDMENT NO. 1 (X)
 Post-EFFECTIVE AMENDMENT NO. ()
 and/or
 REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY
 ACT OF 1940 (X)

 AMENDMENT NO. 1 (X)

INTERCAPITAL INSURED MUNICIPAL SECURITIES
 (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)

Copies to:

FRANK P. BRUNO, ESQ. CHRISTINE A. EDWARDS, ESQ. DAVID M. BUTOWSKY, ESQ.
 BROWN & WOOD TWO WORLD TRADE CENTER GORDON ALTMAN BUTOWSKY
 ONE WORLD TRADE CENTER NEW YORK, NEW YORK 10048 WEITZEN SHALOV & WEIN
 NEW YORK, NEW YORK 10048 114 WEST 47TH STREET
 NEW YORK, NEW YORK 10036

 APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING: As soon as practicable after
 the effective date of this registration statement

<TABLE>

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

<CAPTION>

TITLE OF SECURITIES BEING REGISTERED	AMOUNT BEING REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE (2) (3)
<S> Common Shares of Beneficial Interest, \$.01 par value.....	<C> 8,050,000 Shares	<C> \$15.00	<C> \$120,750,000	<C> \$37,734.38

<FN>
 (1) Includes 1,050,000 shares subject to the Underwriters' over-allotment option.
 (2) Estimated solely for the purpose of calculating the registration fee.
 (3) Previously paid.
 </TABLE>

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE
 OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT
 SHALL FILE A FUTURE AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION
 STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF
 THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME
 EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A),
 MAY DETERMINE.

<TABLE>

CROSS REFERENCE SHEET

<CAPTION> PARTS A AND B ITEM NUMBER CAPTION -----	PROSPECTUS CAPTION -----
<S>	<C>
1. Outside Front Cover Page.....	Cover Page
2. Inside Front and Outside Back Cover Pages.....	Cover Page; Underwriting
3. Fee Table and Synopsis.....	Prospectus Summary; Summary of Fund Expenses
4. Financial Highlights.....	Not Applicable
5. Plan of Distribution.....	Cover Page; Prospectus Summary; Underwriting
6. Selling Shareholders.....	Not Applicable
7. Use of Proceeds.....	Use of Proceeds; Investment Objective and Policies
8. General Description of Registrant.....	The Trust and its Management; Description of Shares
9. Management.....	Trustees and Officers; The Trust and its Management; Investment Management Agreement; Investment Objective and Policies; Investment Practices; Investment Restrictions; Portfolio Transactions and Brokerage; Custodian, Dividend Disbursing Agent and Transfer Agent.
10. Capital Stock, Long-Term Debt, and Other Securities.....	Description of Shares; Taxation
11. Defaults and Arrears on Senior Securities.....	Not Applicable
12. Pending Legal Proceedings.....	Not Applicable
13. Table of Contents of Statement of Additional Information.....	Not Applicable
14. Cover Page.....	Not Applicable
15. Table of Contents.....	Not Applicable
16. General Information and History.....	Not Applicable
17. Investment Objectives and Policies.....	Investment Objective and Policies; Other Investment Policies; Investment Restrictions
18. Management.....	The Trust and its Management; Trustees and Officers; Investment Management Agreement;
19. Control Persons and Principal Holders of Securities.....	The Trust and its Management; Investment Management Agreement
20. Investment Advisory and Other Services.....	Investment Management Agreement; Custodian, Dividend Disbursing Agent and Transfer Agent
21. Brokerage Allocations and Other Practices.....	Portfolio Transactions and Brokerage
22. Tax Status.....	Taxation
23. Financial Statements.....	Statement of Assets and Liabilities

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.

</TABLE>

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION
Dated January 7, 1994

7,000,000 COMMON SHARES OF BENEFICIAL INTEREST

INTERCAPITAL INSURED MUNICIPAL SECURITIES

InterCapital Insured Municipal Securities (the "Trust") is a newly organized, closed-end diversified management investment company which seeks to provide current income exempt from federal income tax. The Trust will seek to achieve its investment objective by investing primarily in a diversified portfolio of tax-exempt Municipal Obligations which are covered by insurance guarantees with respect to timely payment of principal and interest thereon. The Trust will also invest in Municipal Obligations which are backed by an escrow or trust account containing sufficient U.S. Government securities or U.S. Government agency securities to ensure timely payment of principal and interest thereon. Certain Municipal Obligations in which the Trust may invest without limit may be subject to the individual alternative minimum tax. See "Investment Objective and Policies." No assurance can be given that the Trust's investment objective will be achieved.

Within approximately six months of the completion of the offering of the Common Shares of Beneficial Interest (the "Common Shares") described herein, and subject to market conditions, the Trust currently intends to offer an additional class of beneficial interest with preference rights (the "Preferred Shares"). The timing of a Preferred Shares offering and the terms of the Preferred Shares will be determined by the Trust's Board of Trustees. It is anticipated that the dividends on the Preferred Shares will be based on short-term or medium-term rates and that the proceeds of the Preferred Shares offering will be generally invested in long-term Municipal Obligations which typically have higher yields than short-term or medium-term obligations. The issuance of the Preferred Shares will result in the financial leveraging of the Common Shares. This two-class, leveraged capital structure will enable the Trust to pay a potentially higher yield on the Common Shares as compared with securities of investment companies with an investment objective similar to that of the Trust but without an additional class of preferred shares similar to those anticipated with respect to the Preferred Shares to be issued by the Trust. Investors should note that there are special risks associated with the leveraging of the Common Shares. See "Special Leverage Considerations" and "Description of Shares."

The address of the Trust is Two World Trade Center, New York, New York 10048, and its telephone number is (212) 392-1600. The Prospectus sets forth the information investors should know before investing in the Trust. Investors are advised to read this Prospectus and retain it for future reference.

The Trust's Common Shares have been approved for listing on the New York Stock Exchange under the symbol "IMS." Prior to this offering, there has been no public market for the Trust's Common Shares. Shares of closed-end investment companies frequently trade at a discount from their net asset value. The risk of loss may be greater for initial investors expecting to sell their shares in a relatively short period after completion of the public offering. See "Prospectus Summary--Special Risk Considerations."

The minimum purchase in this offering is 100 shares (\$1,500).

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.

	Price to Public	Sales Load (1)	Proceeds to the Trust (2)
Per Common Share	\$15.00	\$	\$
Total (3)	\$105,000,000	\$	\$

- (1) The Trust and the Investment Manager have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.
- (2) Before deduction of offering expenses and organization costs payable by the Trust from the proceeds of this offering, estimated at \$. Organization costs (estimated at \$) will be amortized over five years and charged as an expense against the income of the Trust. Offering expenses (estimated at \$) will be reflected as a reduction of the

initial net assets of the Trust at the closing of this offering. See "Statement of Assets and Liabilities at February , 1994."

- (3) The Trust has granted the several Underwriters a 45-day option to purchase up to an additional 1,050,000 Common Shares to cover over-allotments, if any. If all such Common Shares are purchased, the total price to public, underwriting discounts and commissions and proceeds to the Trust will be \$120,750,000, \$ and \$, respectively. See "Underwriting."

The Common Shares are offered by the several Underwriters named herein, when, as and if delivered to and accepted by them, subject to their right to reject orders in whole or in part and subject to certain other conditions. It is expected that delivery of the Common Shares will be made in New York City on or about February , 1994.

DEAN WITTER DISTRIBUTORS INC.

February , 1994

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE TRUST OR THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION.

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UNTIL MARCH , 1994 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE TRUST'S COMMON SHARES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

The following information is qualified in its entirety by reference to

the more detailed information included elsewhere in this Prospectus.

THE TRUST..... InterCapital Insured Municipal Securities (the "Trust") is a newly organized, closed-end diversified management investment company investing primarily in tax-exempt Municipal Obligations. See "The Trust and its Management."

THE OFFERING..... The Trust is offering 7,000,000 common shares of beneficial interest (the "Common Shares"), of \$.01 par value, at an offering price of \$15.00 per share, through a group of Underwriters (the "Underwriters") represented by Dean Witter Distributors Inc. The Underwriters have been granted an option to purchase up to 1,050,000 additional Common Shares to cover over-allotments. See "Underwriting." The minimum purchase is 100 shares (\$1,500).

INVESTMENT OBJECTIVE..... The investment objective of the Trust is to provide current income exempt from federal income tax. The Trust will seek to achieve its investment objective by investing, under normal circumstances, at least 80% of its net assets in a diversified portfolio of Municipal Obligations which are covered by insurance guarantees with respect to timely payment of principal and interest thereon. The Trust may also invest in Municipal Obligations which are backed by an escrow or trust account containing sufficient U.S. Government securities or U.S. Government agency securities to ensure timely payment of principal and interest thereon. Municipal Obligations backed by an escrow or trust account will not constitute more than 20% of the Trust's net assets. Municipal Obligations consist of Municipal Bonds, Municipal Notes and Municipal Commercial Paper, as well as lease obligations. There can be no assurance that the Trust's investment objective will be achieved. See "Investment Objective and Policies."

INSURANCE..... Each insured Municipal Obligation held by the Trust will either be (i) covered by a separate insurance policy applicable to a specific security, whether obtained by the issuer of the security or by a third party at the time of original issuance ("Original Issue Insurance") or by the Trust or a third party subsequent to the time of original issuance ("Secondary Market Insurance") or (ii) covered by a master municipal obligation guaranty insurance policy purchased by the Trust ("Portfolio Insurance"). While the Trust may obtain one or more policies of Portfolio Insurance, the Trust, depending on the availability of such policies on terms favorable to the Trust, may determine not to obtain such policies and to emphasize investments in Municipal Obligations insured under Original Issue Insurance or Secondary Market Insurance. Original Issue Insurance, Secondary Market Insurance and Portfolio Insurance do not guarantee either the payment of principal of and interest on Municipal Obligations on an accelerated basis in the event of a default thereunder, or the market value of the Common Shares or the market value of the Trust's Municipal Obligations. Municipal Obligations insured under Original Issue Insurance or Secondary Market Insurance are insured for the remain-

ing term of the security, whereas Municipal Obligations insured under Portfolio Insurance remain insured only so long as they are held by the Trust. Portfolio Insurance is intended to reduce financial risk but the cost thereof and

compliance with any investment restrictions imposed under the policy will reduce the yield to shareholders of the Trust. The Trust's investments in insured Municipal Obligations will only consist of Municipal Obligations, covered by Original Issue Insurance or Secondary Market Insurance, that are themselves assigned a rating of "Aaa" by Moody's Investors Service Inc. ("Moody's") or "AAA" by Standard & Poor's Corporation ("S&P") by virtue of the claims-paying ability of the insurers. The Trust will only obtain policies of Portfolio Insurance issued by insurers whose claims-paying ability is rated "Aaa" by Moody's or "AAA" by S&P. See "Investment Objective and Policies--Description of Bond Insurance."

PROPOSED OFFERING OF

PREFERRED SHARES.....

The Trust currently intends to offer an additional class of shares of beneficial interest with preference rights (the "Preferred Shares") within approximately six months of the completion of this offering of Common Shares. The exact timing of the Preferred Shares offering and the terms of the Preferred Shares will be determined by the Trust's Board of Trustees, subject to a determination by the Trust's Board of Trustees that the issuance of Preferred Shares is likely to achieve the benefits to the holders of the Common Shares (the "Common Shareholders") described in this Prospectus and subject to then prevailing market conditions. It is anticipated that the dividends on the Preferred Shares will be based on short-term or medium-term rates and that the proceeds of the Preferred Shares offering generally will be invested in long-term Municipal Obligations which typically have higher yields than short-term or medium-term obligations. The issuance and ongoing expenses of the Preferred Shares will be borne by the Trust and will reduce the net asset value of the Common Shares.

Under the asset coverage requirements of the Investment Company Act of 1940, as amended (the "Act"), the value of the Trust's total assets, less all liabilities and indebtedness of the Trust, must at least be equal, immediately after such issuance of Preferred Shares, to 200% of the aggregate liquidation value of the Preferred Shares. If the Preferred Shares are issued, their liquidation value is expected to equal their aggregate original purchase price plus any accrued and unpaid dividends thereon. The Trust will seek a rating of the Preferred Shares from two nationally recognized rating organizations, and therefore asset coverage provisions in addition to those required by the Act may be imposed in connection with the issuance of such ratings.

Once the Preferred Shares are issued, Common Shareholders will receive all net income of the Trust, if any, remaining after payment of dividends on the Preferred Shares and generally will be entitled to their pro rata share of any net realized capital gains to the extent such capital gains are not necessary to satisfy the dividend, redemption or liquidation preferences of the Preferred Shares. Upon any liquidation of the Trust, the holders of the Preferred

Shares will be entitled to receive liquidating distributions equal to their liquidation value before any distribution is made to the holders of Common Shares. Until the Preferred Shares are issued, the special leverage considerations

described herein will not apply. See "Special Leverage Considerations," "Description of Shares" and "Taxation."

RISKS OF LEVERAGE.....

The issuance of the Preferred Shares will result in the financial leveraging of the Common Shares, which is a speculative technique. Such leveraging involves certain risks, including higher volatility of the net asset value and possibly the market value of the Common Shares. As long as the Trust is able to invest the proceeds of the Preferred Shares offering in securities that provide a higher net return than the then current dividend rate of the Preferred Shares after taking into account the expenses of the Preferred Shares offering, the ongoing expenses of the Preferred Shares and the Trust's operating expenses, the effect of leverage will be to cause Common Shareholders to realize a higher current rate of return than if the Trust were not leveraged. However, if the current dividend rate on the Preferred Shares were to approach the net return on the Trust's investment portfolio after expenses, the benefit of leverage to Common Shareholders would be reduced, and if the current dividend rate on the Preferred Shares were to exceed the net return on the Trust's portfolio, the Trust's leveraged capital structure would result in a lower rate of return to the Common Shareholders than if the Trust had an unleveraged capital structure. Similarly, since, to the full extent permitted under applicable law, most net capital gains, if any, realized by the Trust generally are expected to be payable to Common Shareholders, if net capital gains are realized, the effect of leverage will be to increase the amount of such gains distributed to Common Shareholders. However, since any decline in the net asset value of the Trust's investment portfolio is borne entirely by Common Shareholders, the effect of leverage in a declining market would be to cause a greater decline in the net asset value of Common Shares than if the Trust were not leveraged, which would likely be reflected in a greater decline in the market price for the Common Shares. Thus, a rise in interest rates will likely result in two separate adverse effects on the Common Shareholders: first, a decrease in the Trust's net asset value and, second (as a result of increased rates payable to Preferred Shareholders), lower income available for distribution to the Common Shareholders. Reflecting the foregoing, leverage creates risks for Common Shareholders, including the likelihood of greater volatility of the net asset value and possibly the market value of the Common Shares, and the risk that fluctuations in the short-term or medium-term dividend rates of the Preferred Shares may affect the income available for distribution to Common Shareholders. See "Special Leverage Considerations."

INVESTMENT MANAGER.....

Dean Witter InterCapital Inc. (the "Investment Manager" or "InterCapital") is the Investment Manager of the Trust. InterCapital 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. In an internal reorganization which took place in January

1993, the Investment Manager assumed the investment advisory, management and administrative activities previously performed by the InterCapital Division of Dean Witter Reynolds

Inc. ("DWR"), an affiliate of the Investment Manager. As part of that reorganization, the investment company share distribution activities previously performed by DWR were assumed by Dean Witter Distributors Inc., a wholly-owned subsidiary of DWDC and an affiliate of DWR and InterCapital. The Investment Manager has over twenty years of experience managing investment companies. InterCapital, and its wholly-owned subsidiary, Dean Witter Services Company Inc., act as investment manager, manager, investment adviser, sub-adviser, administrator or sub-administrator to a total of seventy-nine investment companies, twenty-six of which are listed on the New York Stock Exchange, with combined assets of approximately \$70.7 billion at November 30, 1993, including approximately \$12.2 billion in tax-exempt securities. See "The Trust and its Management" and "Investment Management Agreement."

MANAGEMENT FEE..... The Trust will pay the Investment Manager a monthly fee at the annual rate of 0.35% of the Trust's average weekly net assets. See "Investment Management Agreement."

DISTRIBUTIONS..... Prior to any issuance of the Preferred Shares, the Trust's policy will be to make monthly distributions to Common Shareholders of substantially all net investment income of the Trust. Initial distributions to Common Shareholders are expected to be declared within approximately 60 days and paid within approximately 90 days from the completion of this offering. Net capital gains, if any, will be distributed at least annually to the extent such net capital gains are not necessary to satisfy the dividend, redemption or liquidation preferences of the Preferred Shares. From and after the issuance of the Preferred Shares, monthly distributions to Common Shareholders will consist of substantially all net investment income of the Trust, if any, remaining after the payment of the dividends on the Preferred Shares. For tax purposes, the Trust is currently required to allocate net tax-exempt interest, net capital gains and other taxable income, if any, between the Common Shares and the Preferred Shares in proportion to total distributions paid to each class for the year in which such net tax-exempt interest, net capital gains or other taxable income is realized. The Preferred Shares may provide for additional dividend payments to compensate the holders thereof for any assumed tax detriment resulting from certain required allocations to them of ordinary income and/or capital gains. Each Common Shareholder of record may elect to have all dividends and distributions automatically reinvested in Common Shares purchased in the open market at the prevailing market price pursuant to a dividend reinvestment plan. See "Dividends and Distributions; Dividend Reinvestment Plan" and "Taxation."

During any annual period when the Trust's net investment income and undistributed net capital gains are insufficient to pay the dividends due on the Preferred Shares, the Trust would be precluded from paying dividends on the Common Shares until such dividends on the Preferred Shares have been

paid or provided for. In addition, under the Act the Trust is not permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration and after deducting the amount of such dividend,

the Trust is in compliance with the 200% asset coverage requirements of the Act, and any more stringent asset coverage requirements which may be imposed in connection with the Trust's obtaining a rating of the Preferred Shares. Such prohibition on the payment of dividends or distributions might impair the ability of the Trust to maintain its qualification, for federal income tax purposes, as a regulated investment company. The Trust intends, however, to the extent possible, and may be required in connection with the Trust's obtaining a rating of the Preferred Shares, to purchase or redeem Preferred Shares from time to time to maintain compliance with such asset coverage requirements. See "Special Leverage Considerations," "Dividends and Distributions; Dividend Reinvestment Plan" and "Taxation."

SHARE REPURCHASES AND

TENDERS.....

The Trustees may authorize the Trust to repurchase the Common Shares in the open market or to tender for the Common Shares at net asset value. The Trustees have presently determined to consider, on an annual basis, the making of a tender offer for the Common Shares of the Trust. Asset coverage requirements in connection with the issuance of the Preferred Shares may limit or prevent the Trust from repurchasing and/or tendering for Common Shares. See "Share Repurchases and Tenders."

LISTING.....

The Trust's Common Shares have been approved for listing on the New York Stock Exchange under the symbol "IMS."

CUSTODIAN.....

The Bank of New York will serve as Custodian of the Trust's assets. See "Custodian, Dividend Disbursing Agent and Transfer Agent."

SPECIAL RISK

CONSIDERATIONS.....

The Trust has no operating history. In connection with the management of its portfolio, the Trust may engage in certain futures and options transactions for hedging purposes and may purchase or sell options on portfolio securities to achieve additional return or to hedge its portfolio. The Trust may also enter into repurchase agreements. These investment practices may involve special risks. In addition, the Trust may borrow money for emergency purposes or for repurchase of its shares provided that immediately after such borrowing the amount borrowed does not exceed 33 1/3% of the value of its total assets (including the amount borrowed) less its liabilities (not including any borrowings but including the fair market value at the time of computation of any other senior securities then outstanding, including the Preferred Shares). The use of borrowed funds for other than emergency purposes involves the speculative factor known as "leverage." The foregoing may involve risks greater than those assumed by other investment companies which do not engage in such techniques or transactions. See "Investment Objective and Policies" and "Investment Practices."

The Trust may invest without limit in certain Municipal Obligations which may be subject to the individual alternative minimum tax. Additionally, the Trust

may invest without limit in private activity bonds or industrial development bonds, the interest on which is not federally tax-exempt to "substantial users" or "related persons."

Therefore, the Trust may not be a suitable investment for such investors. See "Taxation."

The Trust reserves the right to invest 25% or more of its total assets in certain types of Municipal Obligations. See "Investment Restrictions." A discussion of the risks associated with investment in such obligations is set forth in Appendix C.

Although the Investment Manager expects that substantially all of the Trust's investments will be in securities for which an established resale market exists, there is no overall limitation on the percentage of illiquid securities which may be held by the Trust and as such substantially all of the Trust's assets may be invested in illiquid securities.

The value of the Trust's portfolio securities, and therefore the Trust's net asset value per share, will increase or decrease due to various factors, principally changes in prevailing interest rates and the ability of the issuers of the Trust's portfolio securities to pay interest and principal on such obligations. Net asset value generally increases when interest rates decline, and decreases when interest rates rise, although this is not always the case. See "Determination of Net Asset Value."

Shares of closed-end investment companies frequently trade at a discount to net asset value, especially shortly after the completion of the public offering. This characteristic of shares of closed-end funds is a risk separate and distinct from the risk that a fund's net asset value will decrease. It should be noted, however, that in some cases, shares of closed-end funds may trade at a premium to net asset value. The Trust cannot predict whether its own Common Shares will trade at, below, or above net asset value. The Trust is designed primarily as a long-term investment and not as a trading vehicle.

The Common Shareholders will elect ten Trustees at the first annual meeting of Common Shareholders unless any Preferred Shares are outstanding at the time, in which event the shareholders (Common Shareholders and Preferred Shareholders voting as a single class) will elect eight Trustees and the Preferred Shareholders, voting as a separate class, will elect two Trustees. If at any time dividends on the Preferred Shares are unpaid in an amount equal to two full years' dividends thereon, the holders of all outstanding Preferred Shares, voting as a separate class, will be entitled to elect a majority of the Trustees until all dividends in arrears have been paid or otherwise provided for. See "Description of Shares."

The Trust's Declaration of Trust includes anti-takeover provisions, including a staggered vote for Trustees, and the requirement for an 80% shareholder vote for certain mergers, share issuances and asset acquisitions, that are intended to have the effect of limiting the ability of other entities or persons to acquire control of the Trust. See "Description of Shares."

SUMMARY OF TRUST EXPENSES

The following table illustrates all expenses and fees that a shareholder of the Trust will incur. The expenses and fees set forth in the table are for the year ending October 31, 1994.

Shareholder Transaction Expenses

Sales Load (as a Percentage of Offering Price).....	%
Dividend Reinvestment Plan.....	None

Annual Expenses
(as a Percentage of Net Assets Attributable to the Common Shares)

Management Fees*.....	0.35%
Other Expenses*.....	%
Total Annual Expenses**.....	%

* "Management Fees" as shown above are for the fiscal year of the Trust ending October 31, 1994. "Other Expenses" as shown above is based upon estimated amounts of expenses of the Trust for its fiscal period ending October 31, 1994.

** The expenses set forth in this table do not include expenses associated with the Preferred Shares since the costs associated with the Preferred Shares could not be determined at the date of the Prospectus. See "Special Leverage Considerations."

EXAMPLE	1 year	3 years	5 years	10 years
- - - - -	-----	-----	-----	-----
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return:.....	\$	\$	\$	\$
- - - - -				

THE ABOVE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OR PERFORMANCE. ACTUAL EXPENSES OF THE TRUST MAY BE GREATER 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 Trust will bear directly or indirectly. For a more complete description of these costs and expenses, see the cover page of this Prospectus and "Use of Proceeds" and "Investment Management Agreement."

THE TRUST AND ITS MANAGEMENT

InterCapital Insured Municipal Securities (the "Trust") is a newly organized, closed-end diversified management investment company whose investment objective is to provide current income which is exempt from federal income tax. The Trust will seek to achieve its investment objective by investing primarily in a diversified portfolio of Municipal Obligations which are covered by insurance guarantees as to timely payment of principal and interest thereon. The Trust may also invest in Municipal Obligations which are backed by an escrow or trust account containing sufficient U.S. Government securities or U.S. Government agency securities to ensure timely payment of principal and interest thereon. There can be no assurance that the Trust's investment objective will be achieved.

The Trust 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 October 14, 1993. As a newly organized entity, the Trust has no operating history. The Trust's principal office is located at Two World Trade Center, New York, New York 10048.

The Trust's Declaration of Trust authorizes the issuance of both Common Shares and Preferred Shares. The Trust currently intends to offer Preferred Shares within approximately six months of the completion of this offering of Common Shares. It is anticipated that the dividends on the Preferred Shares will be based on short-term or medium-term rates and that the proceeds of the Preferred Shares offering will be generally invested in long-term Municipal Obligations, which typically have higher yields than short-term or medium-term obligations. The effect of this two-class, leveraged capital structure will be to provide Common Shareholders an opportunity to realize a higher level of tax-free income than would be provided by an investment company having a similar investment portfolio and an unleveraged capital structure. However, this leveraged capital structure will also create greater risks for Common Shareholders, including higher volatility of the net asset value and possibly the market value of the Common Shares. See "Special Leverage Considerations." The issuance and ongoing expenses of the Preferred Shares will be borne by the Trust and will reduce the net asset value of the Common Shares. The timing and other terms of the offering of the Preferred Shares and the terms of the Preferred Shares will be determined by the Trustees of the Trust, subject to then prevailing market conditions and also subject to a determination by the

Trustees that the issuance of Preferred Shares is likely to achieve the benefits to the Common Shareholders described in this Prospectus. In the event that, in the opinion of the Trustees, prevailing economic or market conditions make issuance of the Preferred Shares inadvisable, the Trustees have agreed in such case to permit the Trust to continue indefinitely as an unleveraged entity.

Investment in shares of the Trust is designed to offer several benefits. The Trust offers investors the opportunity to receive income substantially exempt from federal income taxes by investing in a professionally managed portfolio of Municipal Obligations. The Trust also relieves the investor of the burdensome administrative details involved in managing a portfolio of Municipal Obligations. These benefits are at least partially offset by the expenses involved in operating an investment company. Such expenses primarily consist of the fee of the Investment Manager and the operational costs of the Trust.

The Trust has been organized as a closed-end investment company. Closed-end investment companies differ from open-end investment companies (commonly referred to as "mutual funds") in that closed-end investment companies have a permanent capital base and do not redeem their shares, whereas open-end investment companies issue securities redeemable at net asset value at any time at the option of the shareholder and typically engage in a continuous offering of their shares. Accordingly, open-end companies are subject to periodic asset in-flows and out-flows that can complicate portfolio management. Closed-end investment companies do not face the prospect of having to liquidate portfolio holdings in the event of net redemptions or having to maintain cash positions to meet potential redemptions. The Trust, however, will be required to maintain cash sufficient to meet dividend payments on the Preferred Shares. Shares of closed-end investment companies frequently trade at a discount to net

asset value. This characteristic of shares of closed-end funds is a risk separate and distinct from the risk that the fund's net asset value will decrease. The Trust cannot predict whether its own Common Shares will trade at, below, or above net asset value. The Trust is designed primarily as a long-term investment and not as a trading vehicle.

Dean Witter InterCapital Inc., whose address is Two World Trade Center, New York, New York 10048, is the Trust's Investment Manager (the "Investment Manager" or "InterCapital"), pursuant to an Investment Management Agreement with the Trust. See "Investment Management Agreement." InterCapital 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., act as investment manager, manager, investment adviser, sub-adviser, administrator or sub-administrator to a total of seventy-nine investment companies (the "Dean Witter Funds"), twenty-six of which are listed on the New York Stock Exchange, and other portfolios, with combined total assets of approximately \$70.7 billion, including \$12.2 billion of tax-exempt securities, at November 30, 1993. The Investment Manager has over twenty years of experience managing investment companies and currently advises or administers assets for more than three million investor accounts. In an internal reorganization which took place in January, 1993, the Investment Manager assumed the investment advisory, management and administrative activities formerly performed by the InterCapital Division of Dean Witter Reynolds Inc. ("DWR"), and affiliate of the Investment Manager. As part of the January, 1993 reorganization, the investment company underwriting activities previously performed by DWR were assumed by Dean Witter Distributors Inc., a wholly-owned subsidiary of DWDC and an affiliate of DWR and InterCapital. DWR is a major securities broker-dealer and investment banker and is a member of the New York Stock Exchange, the American Stock Exchange, the Chicago Board of Options Exchange and other principal regional stock exchanges. DWR maintains its offices at Two World Trade Center, New York, New York 10048.

USE OF PROCEEDS

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The net proceeds of the offering will be approximately \$ _____ (\$ _____ if the Underwriters exercise their over-allotment option in full) after payment of the sales load and organization and offering expenses. A portion of the organization and offering expenses have been advanced by the Trust's Investment Manager.

Organization expenses relating to the Trust incurred and to be incurred by the Investment Manager will be reimbursed by the Trust. Such expenses, estimated at \$ _____, will be deferred and amortized on the straight-line method by the Trust against operations over a period not to exceed sixty months from the commencement of operations of the Trust. Costs relating to the public

offering of its Common Shares, estimated to be \$, will be paid from the proceeds of the offering and charged to capital at the time of issuance of such shares.

The net proceeds of the offering will be invested in accordance with the Trust's investment objective and policies. Investment of the net proceeds will take place during a period which is not expected to exceed six months from commencement of operations. Additionally, it may take up to six months after the completion of the offering of the Preferred Shares before the proceeds of that offering are invested in long-term Municipal Obligations. Pending their respective investment, the proceeds of both offerings will be invested in high quality Municipal Obligations or high quality short-term tax-exempt money market instruments, if available, or otherwise in high quality taxable money market instruments, in any case as described below under "Investment Objective and Policies."

In order for the benefits of leverage to be realized by Common Shareholders, the proceeds of the Preferred Shares offering must be invested in Municipal Obligations that provide a higher net return than the then current dividend rate paid on the Preferred Shares.

INVESTMENT OBJECTIVE AND POLICIES

The investment objective of the Trust is to provide current income which is exempt from federal income tax. Under normal circumstances, the Trust will invest at least 80% of its net assets in Municipal Obligations which are covered by insurance guaranteeing the timely payment of principal and interest thereon. The Trust may also invest in Municipal Obligations which are backed by an escrow or trust account containing sufficient U.S. Government securities or U.S. Government agency securities backed by the full faith and credit of the United States to ensure timely payment of principal and interest thereon ("escrow secured obligations"). Escrow secured obligations, "temporary investments" and options and futures, all as described below, will not constitute more than 20% of the Trust's net assets. Additionally, escrow secured obligations will not constitute any part of the 80% of Municipal Obligations covered by insurance referred to above. "Municipal Obligations" consist of Municipal Bonds, Municipal Notes and Municipal Commercial Paper, as well as lease obligations, including such instruments purchased on a when-issued or delayed delivery basis. See "Investment Practices." Certain Municipal Obligations in which the Trust may invest without limit may subject certain investors to the alternative minimum tax and therefore a substantial portion of the income produced by the Trust may be taxable for such investors under the alternative minimum tax. The Trust, therefore, may not ordinarily be a suitable investment for investors who are subject to the alternative minimum tax. The suitability of the Trust for these investors will depend upon a comparison of the after-tax yield likely to be provided from the Trust to comparable tax-exempt investments not subject to such tax and also to comparable fully taxable investments in light of each such investor's tax position. See "Taxation."

Each insured Municipal Obligation held by the Trust will either be (i) covered by an insurance policy applicable to a specific security, whether obtained by the issuer of the security or a third party at the time of original issuance ("Original Issue Insurance") or by the Trust or a third party subsequent to the time of original issuance ("Secondary Market Insurance") or (ii) covered by a master municipal insurance policy purchased by the Trust ("Portfolio Insurance"). While the Trust may obtain one or more policies of Portfolio Insurance, the Trust, depending on the availability of such policies on terms favorable to the Trust, may determine not to obtain such policies and to emphasize investments in Municipal Obligations insured under Original Issue Insurance or Secondary Market Insurance. In any event, the Trust will only obtain policies of Portfolio Insurance issued by insurers whose claims-paying ability is rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") or "AAA" by Standard & Poor's Corporation ("S&P"). The Trust's investments in insured obligations (as described below) will only consist of Municipal Obligations covered by Original Issue Insurance or Secondary Market Insurance that are themselves assigned a rating of "Aaa" or "AAA," as the case may be, by virtue of the claims-paying ability of the insurer. Such Municipal Obligations would generally be assigned a lower rating if the rating were based primarily upon the credit characteristics of the issuer without regard to the insurance feature. By way of contrast, the ratings, if any, assigned to Municipal Obligations insured under Portfolio Insurance will be based primarily upon the credit characteristics of the issuers without regard to the insurance feature, and will generally carry a rating that is below "Aaa" or "AAA." In the hands of the Trust, however, a Municipal Obligation backed by Portfolio Insurance will effectively be of the same quality as a Municipal Obligation issued by an issuer of comparable credit characteristics that is backed by Original Issue Insurance or Secondary Market Insurance.

The Trust's policy of investing in Municipal Obligations insured by

insurers whose claims-paying ability is rated "Aaa" or "AAA" will apply only at the time of the purchase of a security, and the Trust will not be required to dispose of securities in the event Moody's or S&P, as the case may be, downgrades its

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assessment of the claims-paying ability of a particular insurer or the credit characteristics of a particular issuer. In this connection, it should be noted that in the event Moody's or S&P or both should downgrade its assessment of the claims-paying ability of a particular insurer, it could also be expected to downgrade the ratings assigned to Municipal Obligations insured under Original Issue Insurance or Secondary Market Insurance issued by such insurer, and Municipal Obligations insured under Portfolio Insurance issued by such insurer would also be of reduced quality in the hands of the Trust. Moody's and S&P continually assess the claims-paying ability of insurers and the credit characteristics of issuers, and there can be no assurance that they will not downgrade their assessments subsequent to the time the Trust purchases securities. See "Description of Bond Insurance" below.

In addition to insured Municipal Obligations, the Trust may invest in escrow secured obligations that are entitled to the benefit of an escrow or trust account which contains securities issued or guaranteed by the U.S. Government or U.S. Government agencies and backed by the full faith and credit of the United States sufficient in amount to ensure the payment of interest and principal on the original interest payment and maturity dates. Such escrow secured obligations are normally regarded as having the credit characteristics of the underlying U.S. Government or U.S. Government agency securities. Such escrow secured obligations will generally not be insured.

The Trust intends to emphasize investments in Municipal Obligations with long-term maturities because such long-term obligations generally produce higher income than short-term obligations although such longer-term obligations are more susceptible to market fluctuations resulting from changes in interest rates than shorter-term obligations. The average weighted maturity of the Trust's portfolio under normal circumstances is expected to be in excess of 20 years, but the average maturity, as well as the emphasis on longer-term obligations, may vary depending upon market conditions.

The Trust may invest any percentage of its net assets in "temporary investments" for defensive purposes (e.g., investments made during times where temporary imbalances of supply and demand or other temporary dislocations in the Municipal Obligations market adversely affect the price at which Municipal Bonds, Notes and Commercial Paper are available) and in order to keep cash on hand fully invested. Temporary investments are short-term, high quality, generally uninsured securities which may be either tax-exempt or taxable. The Trust will invest only in temporary investments which are certificates of deposit of U.S. domestic banks, including foreign branches of domestic banks, with assets of \$1 billion or more; bankers' acceptances; time deposits; U.S. Government securities; or debt securities rated within the highest grade by Moody's or S&P (MIG 1 or SP-1 respectively for Municipal Notes and P-1 or A-1 respectively for Municipal Commercial Paper) or, if not rated, are of comparable quality as determined by the Investment Manager, and which mature within one year from the date of purchase. See Appendix A for a general description of Moody's and S&P's ratings of securities in such categories. Temporary investments of the Trust may also include repurchase agreements (see below).

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

Except as otherwise noted, the foregoing investment objective and policies are fundamental policies of the Trust and may not be changed without the approval of a majority of the outstanding voting securities of the Trust (Common Shares and Preferred Shares voting together as a single class and Preferred Shares voting as a separate class), as defined in the Act. Such a majority is defined as the lesser of (i) 67% or more of the Trust's shares present at a meeting of shareholders, if the holders of more than 50% of the outstanding shares of the Trust are present or represented by proxy, or (ii) more than 50% of the outstanding shares of the Trust.

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DESCRIPTION OF MUNICIPAL OBLIGATIONS

"Municipal Bonds" and "Municipal Notes" are debt obligations of states, cities, counties, municipalities and state and local governmental 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," as presently constituted, although issued under programs having a final maturity of more than one year, is generally short-term paper subject to periodic rate changes and maturities of less than one year selected at the holder's option. Municipal Obligations in which the Trust primarily will invest bear interest that, in the respective opinions of bond counsel to the issuers at the time of original issuance of such obligations, is not includible in the gross income of the holders thereof for federal income tax purposes. See "Taxation."

Municipal Bonds are issued to raise funds for various public purposes, including the construction of such public facilities as airports, bridges, highways, housing, hospitals, mass transportation, schools, streets, electric systems, solid waste disposal and water and sewer works. Other public purposes for which Municipal Bonds may be issued include the refinancing of outstanding obligations, the obtaining of funds for general operating expenses and for loans to other public institutions and facilities. In addition, certain private activity bonds, industrial development bonds and pollution control bonds may be included within the term Municipal Bonds if the interest paid thereon, in the opinion of bond counsel to the issuer, qualifies as not includible in the gross income of the holders thereof for federal income tax purposes. The principal types of Municipal Notes currently being issued include tax anticipation notes, bond anticipation notes and revenue anticipation notes, although there are other types of Municipal Notes in which the Trust may invest. Notes sold in anticipation of collection of taxes, a bond sale or receipt of other revenues are usually general obligations of the issuing state, municipality or agency. Municipal Commercial Paper is likely to be used to meet seasonal working capital needs of an issuer or interim construction financing and to be paid from general revenues of the issuer or refinanced with long-term debt. Municipal Commercial Paper may be backed by letters of credit, lending agreements, note repurchase agreements or other credit facility agreements offered by banks or other institutions.

The two principal classifications of Municipal Obligations 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 states, 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 other 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 may be 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. Municipal bonds may also be classified as "tax allocation" bonds, which are payable from tax increment revenues, that is, from collected property taxes in the project area allocable to the increase in the assessed valuation of land, improvements, and personal and public utility property due to the project. There are, of course, variations in the security of Municipal Bonds, Notes and Commercial Paper, both within a particular classification and between classifications, depending on numerous factors.

Also included within the general category of Municipal Obligations are participations in lease obligations or installment purchase contract obligations (hereinafter collectively called "lease obligations") of municipal authorities or entities. Although lease obligations do not constitute general obligations of the municipality for which the municipality's taxing power is pledged, a lease obligation is ordinarily backed by the municipality's covenant to budget for, appropriate and make the payments due under the lease obligation. However, certain lease obligations contain "non-appropriation" clauses which provide that the municipality has no obligation to make lease or installment purchase payments in any year unless money is appropriated for such purpose for such year. In addition to the "non-appropriation" risk, these securities represent a relatively new type of financing that has not yet developed the depth of marketability associated with more conventional Municipal Obligations and therefore certain lease obligations may be considered to be illiquid securities. Although "non-appropriation" lease obligations are

secured by the leased property, disposition of the property in the event of default and foreclosure might prove difficult. The Trust will seek to minimize these risks by only investing in those "non-appropriation" lease obligations where (1) the nature of the leased equipment or property is such that its ownership or use is essential to a governmental function of the municipality, (2) the lease payments will commence amortization of principal at an early date resulting in an average life of seven years or less for the lease obligation, (3) appropriate covenants will be obtained from the municipal obligor prohibiting the substitution or purchase of similar equipment if lease payments are not appropriated, (4) the investment is of a size that will be attractive to institutional investors, and (5) the underlying leased equipment has elements of portability or use that enhance its marketability in the event foreclosure on the underlying equipment is ever required. The Trust may also purchase "certificates of participation," which are securities issued by a particular municipality or municipal authority to evidence a proportionate interest in base rental or lease payments relating to a specific project to be made by a municipality, agency or authority. The risks and characteristics of investments in certificates of participation are similar to the risks and characteristics of lease obligations discussed above.

Although the Investment Manager expects that substantially all of the Trust's investments will be in securities for which an established resale market exists, there is no overall limitation on the percentage of illiquid securities which may be held by the Trust and as such substantially all of the Trust's assets may be invested in illiquid securities.

The yields on Municipal Obligations are dependent on a variety of factors, including the condition of the general money market and the tax-exempt market, changes in federal and state income taxes, the size of a particular offering, the maturity of the obligation and the rating of the issue. The ratings of Moody's and S&P represent their opinions as to the quality of the securities which they undertake to rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, Municipal Obligations with the same maturity, coupon and rating may have different yields while obligations of the same maturity and coupon with different ratings may have the same yield. The market value of the Trust's portfolio securities, and therefore the Trust's net asset value per share, will vary with changes in prevailing interest rate levels and as a result of changing evaluations of the ability of issuers of the Trust's portfolio securities to meet interest and principal payments on a timely basis. Generally, a rise in interest rates will result in a decrease in the Trust's net asset value per share, while a drop in interest rates will result in an increase in the Trust's net asset value per share, although this is not always the case.

Securities of issuers of Municipal Obligations are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors, such as the Bankruptcy Reform Act of 1978. In addition, the obligations of such issuers may become subject to the laws enacted in the future by

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Congress, state legislatures or referenda extending the time for payment of principal and/or interest, or imposing other constraints upon enforcement of such obligations or upon the ability of municipalities to levy taxes. There is also the possibility that, as a result of legislation or other conditions, the power or ability of any one or more issuers to pay, when due, the principal of and interest on its, or their, Municipal Obligations may be materially affected.

The Internal Revenue Code of 1986, as amended, limits the types and volume of bonds qualifying for the federal income tax exemption on interest with the result that in recent years the volume of new issues of Municipal Obligations has declined substantially. As a result, this legislation, and legislation which may be enacted in the future, may affect the availability of Municipal Obligations for investment by the Trust.

Prior to the time it offers the Preferred Shares, the Trust will apply for ratings on such shares from one or more nationally recognized rating agencies. Obtaining one or more ratings for the Preferred Shares may enhance the marketability of the Preferred Shares and thereby reduce the dividend rate on the Preferred Shares from that which the Trust would be required to pay if the Preferred Shares were not rated. If the Trust issues Preferred Shares and seeks to obtain a rating of the Preferred Shares, the rating service issuing such rating may, as a condition thereof, impose restrictions on the types or on the amounts of certain categories of municipal securities in which the Trust may invest. The Trust cannot predict what, if any, restrictions may be imposed by such rating service in connection with its rating of the Preferred Shares.

As set forth in investment restriction 3 under "Investment Restrictions," the Trust reserves the right to invest 25% or more of its total assets in any of

the following types of Municipal Obligations provided that the percentage of the Trust's total assets in private activity bonds in any one category does not exceed 25% of the Trust's total assets: health facility obligations, housing obligations, single family mortgage revenue bonds, industrial revenue obligations (including pollution control obligations), electric utility obligations, airport facility revenue obligations, water and sewer obligations, university and college revenue obligations, bridge authority and toll road obligations and resource recovery obligations. A discussion of the risks associated with investment in such obligations is set forth in Appendix C.

DESCRIPTION OF BOND INSURANCE

Each insured Municipal Obligation in which the Trust will invest will be covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance. While the Trust may obtain one or more policies of Portfolio Insurance, the Trust, depending on the availability of such policies on terms favorable to the Trust, may determine not to obtain such policies and to emphasize investment in Municipal Obligations insured under Original Issue Insurance or Secondary Market Insurance. In any event, the Trust will only obtain policies of Portfolio Insurance issued by insurers whose claims-paying ability is rated "Aaa" by Moody's or "AAA" by S&P. See Appendix D for a brief description of S&P's and Moody's insurance claims-paying ability ratings. Currently, the following insurance companies which issue municipal obligation insurance satisfy the foregoing requirement: AMBAC Indemnity Corporation, Financial Guaranty Insurance Company, Financial Security Assurance and Municipal Bond Investors Assurance Corporation. There is no limitation on the percentage of the Trust's assets that may be invested in Municipal Obligations insured by any given insurer.

Original Issue Insurance. Original Issue Insurance is purchased with respect to a particular issue of Municipal Obligations by the issuer thereof or a third party in conjunction with the original issuance of such Municipal Obligations. Under such insurance, the insurer unconditionally guarantees to the holder of the Municipal Obligation the timely payment of principal and interest on such obligation when and as such payments shall become due but shall not be paid by the issuer, except that in the event of any acceleration of the due date of the principal by reason of mandatory or optional redemption (other than acceleration by reason of a mandatory sinking fund payment), default or otherwise, the payments guaranteed may be made in such amount and at such times as payments of principal would have been due

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had there not been such acceleration. The insurer is responsible for such payments less any amounts received by the holder from any trustee for the Municipal Obligation's issuer or from any other source in connection with such obligations. Original Issue Insurance does not guarantee payment on an accelerated basis, the payment of any redemption premium (except with respect to certain premium payments in the case of certain small issue industrial development and pollution control Municipal Obligations), the value of the shares of the Trust or the market value of Municipal Obligations, or payments of any tender purchase price upon the tender of the Municipal Obligations. Original Issue Insurance also does not insure against nonpayment of principal or interest on Municipal Obligations resulting from the insolvency, negligence or any other act or omission of the Trustee or other paying agent for such obligations.

In the event that interest on or principal of a Municipal Obligation covered by insurance is due for payment but is unpaid by reason of nonpayment by the issuer thereof, the applicable insurer will make payments to its fiscal agent (the "Fiscal Agent") equal to such unpaid amounts of principal and interest not later than one business day after the insurer has been notified that such nonpayment has occurred (but not earlier than the date such payment is due). The Fiscal Agent will disburse to the Trust the amount of principal and interest which is then due for payment but is unpaid upon receipt by the Fiscal Agent of (i) evidence of the Trust's right to receive payment of such principal and interest and (ii) evidence, including any appropriate instruments of assignment, that all of the rights to payment of such principal or interest then due for payment shall thereupon vest in the insurer. Upon payment by the insurer of any principal or interest payments with respect to any Municipal Obligations, the insurer shall succeed to the rights of the Trust with respect to such payment.

Original Issue Insurance remains in effect as long as the Municipal Obligations covered thereby remain outstanding and the insurer remains in business, regardless of whether the Trust ultimately disposes of such Municipal Obligations. Consequently, Original Issue Insurance may be considered to represent an element of market value with respect to the Municipal Obligations so insured, but the exact effect, if any, of this insurance on such market value cannot be estimated.

Secondary Market Insurance. Subsequent to the time of original issuance

of a Municipal Obligation, the Trust or a third party may, upon the payment of a single premium, purchase insurance on such Municipal Obligation. Secondary Market Insurance generally provides the same type of coverage as is provided by Original Issue Insurance and, as is the case with Original Issue Insurance, Secondary Market Insurance remains in effect as long as the Municipal Obligations covered thereby remain outstanding and the insurer remains in business, regardless of whether the Trust ultimately disposes of such Municipal Obligations.

One of the purposes of acquiring Secondary Market Insurance with respect to a particular Municipal Obligation would be to enable the Trust to enhance the value of such Municipal Obligation. The Trust, for example, might seek to purchase a particular Municipal Obligation and obtain Secondary Market Insurance with respect thereto if, in the opinion of the Investment Manager, the market value of such Municipal Obligation, as insured, would exceed the current value of the Municipal Obligation without insurance plus the cost of the Secondary Market Insurance. Similarly, if the Trust owns but wishes to sell a Municipal Obligation that is then covered by Portfolio Insurance, the Trust might seek to obtain Secondary Market Insurance with respect thereto if, in the opinion of the Investment Manager, the net proceeds of a sale by the Trust of such obligation, as insured, would exceed the current value of such obligation plus the cost of the Secondary Market Insurance. All premiums respecting Municipal Obligations covered by Original Issue Insurance or Secondary Market Insurance are paid in advance by the issuer, the Trust or other party obtaining the insurance.

Portfolio Insurance. The Trust may obtain, but has no obligation to obtain, one or more policies of Portfolio Insurance, each of which would guarantee the payment of principal and interest on specified eligible Municipal Obligations purchased by the Trust. Except as described below, Portfolio Insurance

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generally provides the same type of coverage as is provided by Original Issue Insurance. Municipal Obligations insured under one Portfolio Insurance policy would generally not be insured under any other policy purchased by the Trust. A Municipal Obligation is eligible for coverage under a policy if it meets certain requirements of the insurer. Portfolio Insurance is intended to reduce financial risk, but the cost thereof and compliance with investment restrictions imposed under the policy will reduce the yield to shareholders of the Trust.

If a Municipal Obligation is already covered by Original Issue Insurance or Secondary Market Insurance, then such Municipal Obligation is not required to be additionally insured under any policy of Portfolio Insurance that the Trust may purchase.

Portfolio Insurance policies are effective only as to Municipal Obligations owned by and held by the Trust, and do not cover Municipal Obligations for which the contract for purchase fails. A "when-issued" Municipal Obligation will be covered under a Portfolio Insurance policy upon the purchase date of the issue of such "when-issued" Municipal Obligation.

In determining whether to insure Municipal Obligations held by the Trust, an insurer will apply its own standards, which correspond generally to the standards it has established for determining the insurability of new issues of Municipal Obligations. See "Original Issue Insurance" above.

Each Portfolio Insurance policy will be noncancellable by the insurer and will remain in effect so long as the Trust exists, the Municipal Obligations covered by the policy continue to be held by the Trust and the Trust pays the premiums for the policy. The Trust will generally reserve the right to terminate each policy upon written notice to an insurer if it determines that the cost of such policy is not reasonable in relation to the value of the insurance to the Trust.

Each Portfolio Insurance policy shall terminate as to any Municipal Obligation that has been redeemed from or sold by the Trust on the date of such redemption or the settlement date of such sale, and an insurer shall not have any liability under a policy as to any such Municipal Obligation thereafter, except that if the date of such redemption or the settlement date of such sale occurs after a record date and before the related payment date with respect to any such Municipal Obligation, the policy will terminate as to such Municipal Obligation on the business day immediately following such payment date. Each policy will terminate as to all Municipal Obligations covered thereby on the date on which the last of the covered Municipal Obligations mature, are redeemed or are sold by the Trust.

One or more policies of Portfolio Insurance may provide the Trust, pursuant to an irrevocable commitment of the insurer, with the option to exercise the right to obtain permanent insurance ("Permanent Insurance") with

respect to a Municipal Obligation that is to be sold by the Trust. The Trust would exercise the right to obtain Permanent Insurance upon payment of a single, predetermined insurance premium payable from the proceeds of the sale of such Municipal Obligation. It is expected that the Trust will exercise the right to obtain Permanent Insurance for a Municipal Obligation only if upon such exercise, in the opinion of the Investment Manager, the net proceeds from the sale by the Trust of such obligation, as insured, would exceed the proceeds from the sale of such obligation without insurance.

The Permanent Insurance premium with respect to each such obligation is determined based upon the insurability of each such obligation as of the date of purchase by the Trust and will not be increased or decreased for any change in the creditworthiness of such obligation unless such obligation is in default as to payment of principal or interest, or both. In such event, the Permanent Insurance premium shall be subject to an increase predetermined at the date of purchase by the Trust.

The Trust generally intends to retain any insured securities covered by Portfolio Insurance that are in default or in significant risk of default and to place a value on the insurance, which ordinarily will be the difference between the market value of the defaulted security and the market value of similar securities of minimum investment grade (i.e., rated "BBB" by S&P or "Baa" by Moody's) that are not in default. In certain circumstances, however, the Investment Manager may determine that an alternative value for the insurance, such as the difference between the market value of the defaulted security and either its par value or the market value of securities of a similar nature that are not in default or in significant risk of default, is more appropriate. To the extent that the Trust holds such defaulted securities, it may be limited in its ability to manage its investment portfolio and to purchase other Municipal Obligations. Except as described above with respect to securities covered by Portfolio Insurance that are in default or subject to significant risk of default, the Trust will not place any value on the insurance in valuing the Municipal Obligations that it holds.

Because each Portfolio Insurance policy will terminate as to Municipal Obligations sold by the Trust on the date of sale, in which event the insurer will be liable only for those payments of principal and interest that are then due and owing (unless Permanent Insurance is obtained by the Trust), the provision for this insurance will not enhance the marketability of securities held by the Trust, whether or not the securities are in default or in significant risk of default. On the other hand, since Original Issue Insurance and Secondary Market Insurance will remain in effect as long as Municipal Obligations covered thereby are outstanding, such insurance may enhance the marketability of such securities, even when such securities are in default or in significant risk of default, but the exact effect, if any, on marketability cannot be estimated. Accordingly, the Trust may determine to retain or, alternatively, to sell Municipal Obligations covered by Original Issue Insurance or Secondary Market Insurance that are in default or in significant risk of default.

Premiums for a Portfolio Insurance policy are generally paid by the Trust monthly, and are adjusted for purchases and sales of Municipal Obligations covered by the policy during the month. The yield on the Trust's portfolio is reduced to the extent of the insurance premiums paid by the Trust which, in turn, will depend upon the characteristics of the covered Municipal Obligations held by the Trust. In the event the Trust were to purchase Secondary Market Insurance with respect to any Municipal Obligation then covered by a Portfolio Insurance policy, the coverage and the obligation of the Trust to pay monthly premiums under such policy would cease with such purchase.

SPECIAL LEVERAGE CONSIDERATIONS

EFFECTS OF LEVERAGE

The Trust currently intends to offer Preferred Shares within approximately six months of the completion of this offering of Common Shares. The timing and other terms of the offering of the Preferred Shares will be determined by the Trustees of the Trust, subject to then prevailing market conditions and subject to a determination by the Trustees that the issuance of Preferred Shares is likely to achieve the benefits to the Common Shareholders described in this Prospectus. It is anticipated that the dividends on the Preferred Shares will be based on short-term or medium-term rates and that the proceeds of the Preferred Shares offering will be generally invested in long-term Municipal Obligations which typically have higher yields than short-term or medium-term obligations. The issuance and ongoing expenses of the Preferred Shares will be borne by the Trust and will reduce the net asset value of the Common Shares.

The issuance of the Preferred Shares will result in the financial

leveraging of the Common Shares, which is a speculative technique. This two-class, leveraged capital structure of the Trust would enable the Trust to pay a potentially higher yield on the Common Shares as compared with securities of investment companies with an investment objective similar to that of the Trust but with an unleveraged capital structure.

RISKS OF LEVERAGE

Investors should note, however, that there are risks associated with issuing Preferred Shares to increase the yield on the Common Shares, including higher volatility of the net asset value and possibly the market value of the Common Shares, and that fluctuations in the dividend rates on the Preferred Shares, which will be based on short-term or medium-term rates, may affect the yield to the Common Shareholders.

As long as the Trust is able to realize a higher net return on its investment portfolio than the then current dividend rate of the Preferred Shares, after taking into account the offering costs of the Preferred Shares, the ongoing expenses of the Preferred Shares and the Trust's operating expenses, the effect of the leverage provided by the Preferred Shares will be to cause the Common Shareholders to realize a higher current rate of return than if the Trust were not so leveraged. Similarly, if net capital gains are realized by the Trust, the effect of leverage will be to increase the amount of such gains distributed to the Common Shareholders. On the other hand, short-term, medium-term and long-term interest rates change from time to time as does their relationship to each other (i.e., the slope of the yield curve) depending upon such factors as supply and demand forces, monetary and tax policies and investor expectations. Changes in such factors could cause the relationship between short-term, medium-term and long-term rates to change (i.e., to flatten or to invert the slope of the yield curve) so that short-term and medium-term rates may substantially increase relative to the rates of long-term obligations in which the Trust may be invested. To the extent that the then current dividend rate on the Preferred Shares approaches the net return on the Trust's investment portfolio, the benefit of leverage to the Common Shareholders will be reduced, and if the then current dividend rate on the Preferred Shares were to exceed the net return on the Trust's portfolio, the Trust's leveraged capital structure would result in a lower rate of return to the Common Shareholders than if the Trust were not so structured. Similarly, since any decline in the net asset value of the Trust's investments will be borne entirely by the Common Shareholders, the effect of leverage in a declining market would result in a greater decrease in net asset value to the Common Shareholders than if the Trust were not so leveraged. Any such decrease would likely be reflected in a decline in the market price for Common Shares. Thus, a rise in interest rates will likely result in two separate adverse economic effects on Common Shareholders: first, a decrease in the Trust's net asset value and, second (as a result of increased rates payable to Preferred Shareholders), lower income available for distribution to the Common Shareholders.

If the Trust's current investment income were not sufficient to meet dividend requirements on the Preferred Shares, the Trust might have to liquidate certain of its investments, thereby reducing the net asset value attributable to the Trust's Common Shares. Such liquidations may also cause the Trust to realize gains on securities held for less than three months. Because of the limitation of 30% on the portion of the Trust's gross income that may be derived from the sale or disposition of securities held less than three months (in order to retain the Trust's status as a regulated investment company under the Internal Revenue Code of 1986, as amended), such gains would limit the ability of the Trust to sell other securities held for less than three months that the Trust may wish to sell in the ordinary course of its portfolio management and thus may adversely affect the Trust's yield.

The Trust is currently required to allocate net capital gains and other taxable income, if any, between the Common Shares and the Preferred Shares in proportion to total distributions paid to each class for the year in which such net capital gains or other taxable income is realized. To the extent net capital gains are allocated to the Preferred Shares for tax purposes, there would likely be an increase in the dividends payable to Preferred Shareholders as a result of the increase in tax liability to them resulting from such allocation. However, the negative impact on Common Shareholders of such increased dividends to Preferred Shareholders may be offset in whole or in part by the allocation to the Common

Shares of a greater share of the Trust's tax-exempt income, likely resulting in a lower tax liability for Common Shareholders than if all of the Trust's net

capital gains or other taxable income had been allocated to the Common Shares. To the extent any such increase in dividend payments to Preferred Shareholders is not entirely offset by a reduction in the tax liability of Common Shareholders, the advantage of the Trust's leveraged structure to Common Shareholders will be reduced. See "Taxation."

Until the Preferred Shares are issued, the Trust's capital structure will not be leveraged, and the special leverage considerations described in this Prospectus will not apply. There can be no assurance that the Preferred Shares will be issued.

MANAGEMENT OF INVESTMENT PORTFOLIO AND CAPITAL STRUCTURE

In the event of an increase in short-term or medium-term rates or other changes in market conditions, to the extent that the Trust's leveraged capital structure could adversely affect Common Shareholders as noted above, or in anticipation of such increase or changes, the Trust may attempt to shorten the average maturity of its investment portfolio, which would tend to offset partially the negative impact of such structure on the Common Shareholders. The Trust may also attempt to reduce the degree to which its capital structure is leveraged by redeeming or otherwise purchasing all or a portion of the outstanding Preferred Shares. If market conditions subsequently warrant "releveraging" of the Trust's capital structure, the Trust may, subject to the provisions of Section 18 of the Act, sell shares of an additional series of beneficial interest with preference rights, previously unissued Preferred Shares or Preferred Shares that the Trust previously issued but later repurchased.

Under the Act, the Trust is not permitted to issue Preferred Shares unless immediately after such issuance the value of the Trust's total assets, less all liabilities and indebtedness of the Trust, is at least 200% of the liquidation value of the outstanding Preferred Shares. The liquidation value of the Preferred Shares is expected to equal their aggregate original purchase price plus any accrued and unpaid dividends thereon. It is anticipated that immediately after the completion of any offering of the Preferred Shares, the Trust's asset coverage ratio will be at least 280%. See "Description of Shares." In addition, the Trust is not permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration, the Trust meets such 200% asset coverage requirement (determined after deducting the amount of such dividend or distribution). Such prohibition on the payment of dividends or other distributions might impair the ability of the Trust to maintain its qualification for federal income tax purposes as a regulated investment company. The Trust intends, however, to the extent possible, to purchase or redeem Preferred Shares from time to time to maintain such asset coverage of the Preferred Shares of at least 200%. See "Taxation." In addition to the requirements of the Act, the Trust may be required to comply with other asset coverage requirements as a condition of the Trust's obtaining a rating on the Preferred Shares from a nationally recognized rating service.

To qualify for federal income taxation as a regulated investment company, the Trust must distribute in each fiscal year an amount at least equal to the sum of 90% of its net taxable investment income and net short-term capital gains plus 90% of net income from tax-exempt obligations. To the extent dividends on the Preferred Shares constitute less than the amount of such required distribution, the remainder must be distributed to the holders of the Common Shares. In addition, the Trust would generally have to distribute 100% of its net taxable investment income and net short-term and long-term capital gains in order to eliminate tax liability of the Trust. In the event that the Trust is precluded from making distributions on the Common Shares because of any applicable asset coverage requirements, the terms of the Preferred Shares may provide that any amounts so precluded from being distributed, but required to be distributed in order for the Trust to meet the distribution requirements for federal tax purposes (or to otherwise avoid tax liability of the Trust), will be paid to the holders of the Preferred Shares as a special dividend, which dividend would be expected to decrease the amount such holders would be entitled to receive upon redemption or liquidation of the Preferred Shares.

INVESTMENT PRACTICES

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The following investment practices apply to the portfolio investments of the Trust and may be changed by the Trustees of the Trust without shareholder approval, following written notice to the shareholders. Such practices may be restricted or limited following the issuance of the Preferred Shares as a condition of the Trust's obtaining a rating on the Preferred Shares.

Futures Contracts and Options Thereon. The Trust may purchase and sell financial futures contracts ("futures contracts") and may purchase and write put and call options on such futures contracts only for the purpose of hedging

its portfolio (or anticipated portfolio) securities against changes in prevailing interest rates.

If the Investment Manager anticipates that interest rates may rise, the Trust may sell a futures contract to protect against the potential decline in the value of the securities held by the Trust. If declining interest rates are anticipated, the Trust may purchase a futures contract to protect against a potential increase in the price of securities the Trust intends to purchase.

As a futures contract purchaser, the Trust incurs an obligation to take delivery of a specified amount of the obligation underlying the contract at a specified time in the future for a specified price. As a seller of a futures contract, the Trust incurs an obligation to deliver the specified amount of the underlying obligation at a specified time in return for an agreed upon price. The specific securities taken or delivered at the settlement date would not be determined until or near that date. The determination would be in accordance with the rules of the exchange on which the futures contract sale or purchase was effected. Although the terms of futures contracts specify actual delivery or receipt of securities, in most instances the contracts are closed out before the settlement date without the making or taking of delivery of the securities. Closing out a futures contract is effected by entering into an offsetting purchase or sale transaction.

Unlike a futures contract, which requires the parties to buy and sell a security on a set date, an option on a futures contract entitles its holder to decide on or before a future date whether to enter into such a contract. If the holder decides not to enter into the contract, the premium paid for the option is lost. Since the value of the option is fixed at the point of sale, there are no daily payments of cash to reflect the change in the value of the underlying contract as there are by a purchaser or seller of a futures contract. The value of the option does change and is reflected in the net asset value of the Trust.

The Trust may not purchase and sell futures contracts or purchase related options thereon if, immediately thereafter, the amount committed to initial margin plus the amount paid for premiums for unexpired options on futures contracts for other than bona fide hedging purposes exceeds 5% of the value of the Trust's total assets.

Special Risk Considerations Relating to Futures and Options Thereon. Certain risks are inherent in the Trust's use of futures contracts and options on futures. One such risk arises because the correlation between movements in the price of futures contracts or options on futures and movements in the price of the securities hedged or used for cover will not be perfect. Another risk is that the price of futures contracts or options on futures may not move inversely with changes in interest rates. The risk of imperfect correlations may be increased by the fact that the Trust may invest in futures contracts on taxable securities and there is no guarantee that the prices of taxable securities will move in a similar manner to the prices of tax-exempt securities.

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The Trust's ability to establish and close out positions in futures contracts and options on futures contracts will be subject to the development and maintenance of a liquid secondary market. Although the Trust generally will purchase only those futures contracts and options thereon for which there appears to be a liquid market, there is no assurance that a liquid market on an exchange will exist for any particular futures contract or option or at any particular time.

Successful use of futures contracts and options thereon by the Trust is subject to the ability of the Investment Manager to predict correctly movements in the direction of interest rates and other factors affecting markets for securities. These skills are different from those needed to select portfolio securities. If the Investment Manager's expectations are not met, the Trust would be in a worse position than if a hedging strategy had not been pursued. For example, if the Trust has hedged against the possibility of an increase in interest rates which would adversely affect the price of securities in its portfolio and the price of such securities increases instead, the Trust will lose part or all of the benefit of the increased value of its securities because it will have offsetting losses in its futures positions.

Certain federal income tax requirements may limit the Trust's ability to engage in options and futures. Gains from transactions in options and futures contracts distributed to shareholders will be taxable as ordinary income or, in certain circumstances, as long-term gains to shareholders.

For a further discussion of the use, risks and costs of futures contracts and options thereon, see Appendix B.

Municipal Bond Index Futures. The Trust may purchase and sell municipal bond index futures contracts for hedging purposes. The Trust's strategies in

employing such contracts will be similar to that discussed above with respect to financial futures and options thereon. A municipal bond index is a method of reflecting in a single number the market value of many different municipal bonds and is designed to be representative of the municipal bond market generally. The index fluctuates in response to changes in the market values of the bonds included within the index. Unlike futures contracts on particular financial instruments, transactions in futures on a municipal bond index will be settled in cash, if held until the close of trading in the contract. However, like any other futures contract, a position in the contract may be closed out by purchase or sale of an offsetting contract for the same delivery month prior to expiration of the contract.

Options on Debt Securities. The Trust may purchase or sell (write) options on debt securities as a means of achieving additional return or hedging the value of the Trust's portfolio. The Trust will only write covered call or covered put options, or buy call or put options, which are listed on national securities exchanges. The Trust may not write covered options in an amount exceeding 20% of the value of its total assets. The Trust will not purchase options if, as a result, the aggregate cost of all outstanding options exceeds 10% of the Trust's total assets.

A call option is a contract that gives the holder of the option the right to buy from the writer (seller) of the call option, in return for a premium paid, the security underlying the option at a specified exercise price at any time during the term of the option. The writer of the call option has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price during the option period. A put option is a contract that gives the holder of the option, in return for a premium paid, the right to sell to the writer (seller) the underlying security at a specified price during the term of the option. The writer of the put option, who receives the premium, has the obligation to buy the underlying security upon exercise, at the exercise price during the option period.

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If the Trust has written an option, it may terminate its obligation by effecting a closing purchase transaction. This is accomplished by purchasing an option of the same series as the option previously written. There can be no assurance that either a closing purchase or sale transaction can be effected when the Trust so desires.

An option position may be closed out only on an exchange which provides a secondary market for an option of the same series. Although the Trust will generally purchase or write only those options for which there appears to be an active secondary market, there is no assurance that a liquid secondary market on an exchange will exist for any particular option.

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

For further discussion of the use, risks and costs of options trading, see Appendix B.

Variable Rate Obligations. The interest rates payable on certain Municipal Obligations are not fixed and may fluctuate based upon changes in market rates or indices, such as a tax-exempt money market or bank prime index. Municipal Obligations of this type are called "variable rate" obligations. The interest rate payable on a variable rate obligation is adjusted either at predesignated periodic intervals or whenever there is a change in the market rate of interest or index on which the interest rate payable is based. There is no limit on the percentage of the Trust's assets which may be invested in variable rate obligations.

When-Issued and Delayed Delivery Securities. The Trust may purchase tax-exempt 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 transaction. The securities so purchased are subject to market fluctuation during this period and no interest accrues to the purchaser prior to the date of settlement. At the time the Trust makes the commitment to purchase securities on a when-issued or delayed delivery basis, it will record the transaction and thereafter reflect the value, each day, of such security in determining the net asset value of the Trust. At the time of delivery of the securities, the value may be more or less than the purchase price. Since the Trust is dependent on the party issuing the when-issued or delayed delivery security to complete the transaction, failure by the other party to deliver the securities as arranged would result in the Trust losing an investment opportunity. The Trust will also establish a segregated account with its custodian bank in which it will maintain cash or high grade tax-exempt debt obligations equal in value to commitments for such when-issued or delayed

delivery securities; subject to this requirement, the Trust may purchase securities on such basis without limit. An increase in the percentage of the Trust's assets committed to the purchase of securities on a when-issued or delayed delivery basis may increase the volatility of the Trust's net asset value. The Investment Manager and the Trustees do not believe that the Trust's net asset value or income will be adversely affected by its purchase of securities on such basis.

Repurchase Agreements. When cash may be available for only a few days, it may be invested by the Trust in repurchase agreements until such time as it may otherwise be invested or used for payments of obligations of the Trust. These agreements, which may be viewed as a type of secured lending by the Trust, typically involve the acquisition by the Trust of debt securities from a selling financial institution

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such as a bank, savings and loan association or broker-dealer. The agreement provides that the Trust will sell back to the institution, and that the institution will repurchase, the underlying security ("collateral"), which is held by the Trust's Custodian, at a specified price and at a fixed time in the future, usually not more than seven days from the date of purchase. The Trust will accrue interest from the institution until the time when the repurchase is to occur. Although such date is deemed by the Trust to be the maturity date of a repurchase agreement, the maturities of securities subject to repurchase agreements are not subject to any limits and may exceed one year. While repurchase agreements involve certain risks not associated with direct investments in debt securities, the Trust will follow 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. In addition, the value of the collateral underlying the repurchase agreement will always 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 Trust will seek to liquidate such collateral. However, the exercising of the Trust'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 Trust could suffer a loss. In addition, to the extent that the Trust's security interest in the collateral may not be properly perfected, the Trust could suffer a loss up to the entire amount of the collateral. It is the current policy of the Trust not to invest in repurchase agreements that do not mature within seven days if any such investment amounts to more than 10% of its total assets.

Borrowing. The Trust may borrow money from a bank for temporary or emergency purposes or for the repurchase of its shares provided that immediately after such borrowing the amount borrowed does not exceed 33 1/3% of the value of its total assets (including the amount borrowed) less its liabilities (not including any borrowings but including the fair market value at the time of computation of any other senior securities then outstanding, including the Preferred Shares). If, due to market fluctuations or other reasons, the value of the Trust's assets falls below the foregoing required coverage requirement, the Trust, within three business days, will reduce its bank debt to the extent necessary to comply with such requirement. To achieve such reduction, it is possible that the Trust may be required to sell portfolio securities at a time when it may be disadvantageous to do so. After the issuance of Preferred Shares, any borrowing by the Trust would be subject to further restrictions as a result of asset coverage requirements imposed by the Act or by any rating service as a condition of its rating of the Preferred Shares.

Borrowings other than for temporary or emergency purposes would involve additional risk to the Trust, since the interest expense may be greater than the income from or appreciation of the securities carried by the borrowing. Investment activity will continue while the borrowing is outstanding. The purchase of additional securities while any borrowing is outstanding involves the speculative factor known as "leverage," and will result in increased volatility of the Trust's net asset value. The increased volatility resulting from the use of such borrowings could have a negative effect on the Trust's net asset value greater than would be the case with other funds having similar objectives and policies but which do not utilize such borrowings.

Lending of Portfolio Securities. Consistent with applicable regulatory requirements, the Trust may lend its portfolio securities to brokers, dealers and financial institutions, provided that such loans are callable at any time by the Trust (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 equal to at least 102% of the market value, determined daily, of the loaned

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securities. The advantage of such loans is that the Trust 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 Trust will not lend its portfolio securities if such loans are not permitted by the laws or regulations of any state in which its shares are qualified for sale and will not lend more than 10% of the value of its total assets.

A loan may be terminated by the borrower on one business day's notice, or by the Trust on four business days' notice. If the borrower fails to deliver the loaned securities within four 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 Trust'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 Trust. Any gain or loss in the market price during the loan period would inure to the Trust. The creditworthiness of firms to which the Trust 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 Trustees of the Trust.

When voting or consent rights which accompany loaned securities pass to the borrower, the Trust 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 Trust's investment in such loaned securities. The Trust will pay reasonable finder's, administrative and custodial fees in connection with a loan of its securities.

Private Placements. The Trust may invest up to 15% of its total assets in obligations customarily sold to institutional investors in private transactions for which only a limited market may exist at the time of purchase. This type of limited private offering is frequently utilized with respect to smaller issues of Municipal Obligations or when issuers wish to restrict the number of holders to reduce issuance costs and to permit maximum flexibility in structuring the transactions and to facilitate the prompt issuance of the securities. Although such securities are not restricted securities unless they contain restrictions on resale, due to the limited market for such issues, the Trust may be unable to dispose of such securities promptly at reasonable prices. See "Determination of Net Asset Value."

Restricted Securities. The Trust may invest up to 15% of its total assets in securities subject to contractual restrictions on resale. Contractual limitations on the resale of such securities have an adverse effect on their marketability and may prevent the Trust from disposing of them promptly.

Portfolio Management and Turnover Rate. The Trust's portfolio will be managed by its Investment Manager with a view to achieving its investment objective. Securities are purchased and sold principally in response to the Investment Manager's current evaluation of an issuer's ability to meet its debt obligations in the future, and the Investment Manager's current assessment of future changes in the levels of interest rates on tax-exempt securities of varying coupon rates and maturities. The Trust may engage in short-term trading consistent with its investment objective. Securities may be sold in anticipation of a market decline (a rise in interest rates) or purchased in anticipation of a market rise (a decline in interest rates). In addition, a security may be sold and another security of comparable quality purchased at approximately the same time to take advantage of what the Investment Manager believes to be a temporary disparity in the normal yield relationship between the two securities. These yield disparities may occur for reasons not directly related to the investment quality of particular issues or the general move-

ment of interest rates, such as changes in the overall demand for, or supply of, various types of tax-exempt securities. In general, purchases and sales may also be made to restructure the portfolio in terms of average maturity, quality, coupon yield, or diversification for any one or more of the following purposes: (a) to increase income, (b) to improve portfolio quality, (c) to minimize capital depreciation, (d) to realize gains or losses, or for such other reasons as the Investment Manager deems relevant in light of economic and market conditions. Fluctuation in the supply of Municipal Obligations at an acceptable price may affect the Trust's ability to achieve its investment objective.

Securities purchased by the Trust generally are sold by dealers acting as principal for their own accounts. The Trust may incur brokerage commissions on transactions conducted through DWR.

While it is not possible to predict turnover rates with any certainty, at present it is anticipated that the Trust's portfolio turnover rate, under normal circumstances, after the Trust's portfolio is invested in accordance with its investment objective, will not exceed 100%. The Trust will incur transaction costs commensurate with its portfolio turnover rate. Additionally, see "Taxation" for a discussion of the tax policy of the Trust and see "Portfolio Transactions and Brokerage" for a more extensive discussion of the Trust's portfolio brokerage policies.

The portfolio manager of the Trust is Mr. James F. Willison and as such he will be primarily responsible for the day-to-day management of the Trust's portfolio. For a more detailed discussion of Mr. Willison's business experience during the past five years, see "Trustees and Officers."

INVESTMENT RESTRICTIONS

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The investment restrictions listed below have been adopted by the Trust as fundamental policies which may not be changed without the vote of a majority, as defined in the Act, of the outstanding voting securities of the Trust (Common Shares and Preferred Shares voting together as a single class and Preferred Shares voting as a separate class). For purposes of the restrictions: (a) an "issuer" of a security is the entity whose assets and revenues are committed to the payment of interest and principal on that particular security; (b) a "taxable security" is any security the interest on which is subject to federal income tax (which does not include "private activity bonds" subject to the alternative minimum tax discussed under "Taxation"); and (c) all percentage limitations apply immediately after a purchase or initial investment, and any subsequent change in any applicable percentage resulting from market fluctuations or other changes in the amount of total or net assets does not require elimination of any security from the portfolio.

The Trust may not:

1. As to 75% of its total assets, invest more than 5% of the value of its total assets in the securities of any one issuer. This limitation shall not apply to obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities or to the investment of 25% of the Trust's total assets.

2. Purchase more than 10% of all outstanding taxable debt securities of any one issuer (other than obligations issued, or guaranteed as to principal and interest, by the U.S. Government, its agencies or instrumentalities).

3. Invest 25% or more of the value of its total assets in securities of issuers in any one industry; provided, however, that such limitations shall not be applicable to Municipal Obligations issued by governments or political subdivisions of governments, and obligations issued or guaranteed by the United States Government, its agencies or instrumentalities. In addition, the Trust reserves the right to invest 25% or more of its assets in any of the following types of Municipal Obligations, provided that the percentage of the Trust's total assets in private activity bonds in any one category does not exceed 25% of the Trust's total assets: health facility obligations, housing obligations, single family mortgage revenue

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bonds, industrial revenue obligations (including pollution control obligations), electric utility obligations, airport facility revenue obligations, water and sewer obligations, university and college revenue obligations, bridge authority and toll road obligations and resource recovery obligations. A discussion of certain risks associated with investing in such obligations is set forth in Appendix C.

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

5. Invest in common stock.

6. Invest in securities of any issuer, other than securities of the Trust, if, to the knowledge of the Trust, any officer or trustee of the Trust or any officer or director of the Investment Manager owns more than 1/2 of 1% of the outstanding 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 securities of such issuer.

7. Purchase or sell real estate or interests therein, although it may purchase securities secured by real estate or interests therein. This shall not prohibit the Trust from purchasing, holding and selling real estate acquired as a result of the ownership of such securities.

8. Purchase or sell commodities except that the Trust may purchase or sell financial futures contracts and related options thereon.

9. Purchase oil, gas or other mineral leases, rights or royalty contracts, or exploration or development programs.

10. Write, purchase or sell puts, calls, or combinations thereof, except for options on futures contracts or options on debt securities.

11. Purchase securities of other investment companies, except in connection with a merger, consolidation, reorganization or acquisition of assets or, by purchase in the open market of securities of closed-end investment companies where no underwriter's or dealer's commission or profit, other than customary broker's commissions, is involved and only if immediately thereafter not more than (i) 5% of the Trust's total assets, taken at market value, would be invested in any one such company and (ii) 10% of the Trust's total assets, taken at market value, would be invested in such securities.

12. Borrow money, except that the Trust may borrow from a bank for temporary or emergency purposes or for repurchase of its shares provided that immediately after such borrowing the amount borrowed does not exceed 33 1/3% of the value of its total assets (including the amount borrowed) less its liabilities (not including any borrowings but including the fair market value at the time of computation of any other senior securities which are outstanding at the time, including the Preferred Shares).

13. Pledge its assets or assign or otherwise encumber them except to secure borrowings effected within the limitations set forth in Restriction 12. However, for the purpose of this restriction, collateral arrangements with respect to the writing of options and collateral arrangements with respect to initial margin for futures are not deemed to be pledges of assets.

14. Issue senior securities as defined in the Act, other than preferred shares of beneficial interest (in accordance with the terms of the Act), except insofar as the Trust may be deemed to have issued a senior security by reason of: (a) entering into any repurchase agreement; (b) purchasing any securities on a when-issued or delayed delivery basis; (c) purchasing or selling any financial futures contracts; (d) borrowing money in accordance with restrictions described above; or (e) lending portfolio securities.

15. Make loans of money or securities, except: (a) by the purchase of debt obligations in which the Trust may invest consistent with its investment objective and policies; (b) by investment in repurchase agreements (provided that no more than 10% of the Trust's total assets will be invested in repurchase agreements that do not mature within seven days); and (c) by lending its portfolio securities (provided that the Trust may not lend its portfolio securities in excess of 10% of its total assets).

16. Make short sales of securities.

17. Purchase securities on margin, except for such short-term loans as are necessary for the clearance of purchases of portfolio securities.

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

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

TRUSTEES AND OFFICERS

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The Trustees and Executive Officers of the Trust and their principal occupations for at least the last five years and their affiliations, if any, with InterCapital and with the Dean Witter Funds and with the investment companies to which TCW Funds Management, Inc. serves as investment adviser and Dean Witter Services Company Inc. serves as manager (the "TCW/DW Funds") are set forth below, with those Trustees who are "interested persons" of the Trust (as defined in the Act) indicated by an asterisk.

NAME, POSITION WITH THE TRUST AND ADDRESS	PRINCIPAL OCCUPATIONS DURING LAST FIVE YEARS; AFFILIATIONS WITH INTERCAPITAL AND THE DEAN WITTER FUNDS
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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., Tandem Computers Inc. and Massachusetts Mutual Life 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 and Dean Witter Distributors Inc.; 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 Chief Executive Officer of Dean Witter Services Company Inc.; Chairman and Director of Dean Witter Trust Company; Director and/or officer of various DWDC subsidiaries; formerly Executive Vice President and Director of DWDC (until February, 1993).

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PRINCIPAL OCCUPATIONS DURING LAST FIVE YEARS;
AFFILIATIONS WITH INTERCAPITAL
AND THE DEAN WITTER FUNDS

NAME, POSITION WITH THE TRUST
AND ADDRESS

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.

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), 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
MacLean, Virginia

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 (since September, 1990); Director or Trustee of the Dean Witter Funds; Trustee of the TCW/DW Funds; Co-Chairman and a founder of the

Group of Seven Council (G7C), an international economic commission (since September, 1990); 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).

PRINCIPAL OCCUPATIONS DURING LAST FIVE YEARS;
AFFILIATIONS WITH INTERCAPITAL
AND THE DEAN WITTER FUNDS

NAME, POSITION WITH THE TRUST
AND ADDRESS

Paul Kolton
Trustee
Nine Hunting Ridge Road
Stamford, Connecticut

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
Inc.); Director or trustee of various not-for-
profit organizations.

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

General Partner, Triumph Capital, L.P., a private
investment partnership (since April, 1988);
Director or Trustee of the Dean Witter Funds;
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.

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 non-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 (until
December, 1985) and President (from January,
1981-March, 1982 and from February, 1984-August,
1984) of Sears, Roebuck and Co.; formerly
Director 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; Senior Vice President,
Secretary and General Counsel of Dean Witter
Services Company Inc.; Assistant Secretary and
Assistant General Counsel of Dean Witter
Distributors Inc.; Senior Vice President and
Secretary of DWTC (since October, 1989);
Assistant Secretary of DWR and DWDC and Vice
President, Secretary and General Counsel of the
Dean Witter Funds and the TCW/DW Funds.

PRINCIPAL OCCUPATIONS DURING LAST FIVE YEARS;
AFFILIATIONS WITH INTERCAPITAL
AND THE DEAN WITTER FUNDS

NAME, POSITION WITH THE TRUST
AND ADDRESS

James F. Willison
Vice President
Two World Trade Center
New York, New York
Senior Vice President of InterCapital; Vice
President of various Dean Witter Funds.

Thomas F. Caloia
Treasurer
Two World Trade Center
New York, New York
First Vice President (since May, 1991) of
InterCapital and Treasurer of the Dean Witter
Funds; Treasurer of the TCW/DW Funds; First Vice
President and Assistant Treasurer of Dean Witter
Services Company Inc.; previously Vice President
of InterCapital.

* Denotes Trustees who are "interested persons" of the Trust, as defined in the
1940 Act.

In addition, Robert M. Scanlan, President and Chief Operating Officer
of InterCapital, and David A. Hughey and Edmund C. Puckhaber, Executive Vice
Presidents of InterCapital, are Vice Presidents of the Trust and Peter M.
Avelar and Jonathan Page, Senior Vice Presidents of InterCapital, and Katherine
H. Stromberg and Joseph Arcieri, Vice Presidents of InterCapital, are Vice
Presidents of the Trust, 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 Trust.

All Trustees will be subject to election by the shareholders at the
first meeting of shareholders. Thereafter, the Board of Trustees of the Trust
will be divided into three classes, each class having a term of three years.
The term of office of one class will expire each year. The Common Shareholders
will have the right, voting as a class, to elect ten Trustees of the Trust at
the next annual meeting of Common Shareholders unless any Preferred Shares are
outstanding at the time, in which event the Trust's shareholders (Common
Shareholders and Preferred Shareholders voting together as a single class) will
have the right to elect eight Trustees and the Preferred Shareholders, voting
as a separate class, will have the right to elect two Trustees. See
"Description of Shares."

The Trust pays each Trustee who is not an employee or a retired
employee of the Investment Manager or an affiliated company, an annual fee of
\$1,200 plus \$50 for each meeting of the Board of Trustees, the Audit Committee
or the Committee of the Independent Trustees attended by the Trustee in person
(the Trust pays the Chairman of the Audit Committee an annual fee of \$1,000 and
pays the Chairman of the Committee of the Independent Trustees an additional
annual fee of \$2,400, in each case inclusive of the Committee meeting fee). The
Trust also reimburses such Trustees for travel and other out-of-pocket expenses
incurred by them in connection with attending such meetings. Trustees and
officers of the Trust who are employed by the Investment Manager or an
affiliated company, or are retired from such employment, receive no
compensation or expense reimbursement from the Trust.

INVESTMENT MANAGEMENT AGREEMENT

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The Trust has retained Dean Witter InterCapital Inc. (the "Investment
Manager" or "InterCapital"), to provide administrative services, manage its
business affairs and manage the Trust's assets, including the placing of orders
for the purchase and sale of portfolio securities, pursuant to an Investment
Management Agreement (the "Agreement").

The Investment Manager obtains and evaluates such information and
advice relating to the economy, securities markets, and specific securities as
it considers necessary or useful to continuously manage the assets of the Trust
in a manner consistent with its investment objective and policies. The Trust's
Board of Trustees reviews the various services provided by the Investment
Manager to ensure that the Trust's general investment policies and programs are
being properly carried out and that administrative services are being provided
to the Trust in a satisfactory manner.

Under the terms of the Agreement, in addition to managing the Trust's investments, the Investment Manager maintains certain of the Trust's books and records and furnishes, at its own expense, such office space, facilities, equipment, clerical help, bookkeeping and certain legal services as the Trust may reasonably require in the conduct of its business, including the preparation of 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 Trust, 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 Trust. InterCapital has retained Dean Witter Services Company Inc., a wholly-owned subsidiary of InterCapital, to perform the aforementioned administrative services for the Trust.

Expenses not expressly assumed by the Investment Manager under the Agreement will be paid by the Trust. The expenses borne by the Trust include, but are not limited to: 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 Trust and its shares under federal and state securities laws; the cost of issuing and the ongoing expenses of the Preferred Shares; 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 or retired employees of the Investment Manager or any corporate affiliate of either; all expenses incident to any dividend or distribution program; charges and expenses of any outside service used for pricing of the Trust's portfolio securities; fees and expenses of legal counsel, including counsel to the Trustees who are not interested persons of the Trust or of the Investment Manager (not including compensation or expenses of attorneys who are employees of the Investment Manager) and independent accountants; membership dues of industry associations; interest on Trust borrowings; fees and expenses incident to the listing of the Trust's shares on any stock exchange; postage; insurance premiums on property or personnel (including officers and Trustees) of the Trust 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 Trust's operation.

As full compensation for the services furnished to the Trust, the Trust pays the Investment Manager monthly compensation calculated weekly by applying the annual rate of 0.35% to the Trust's average weekly net assets. For the purposes of calculating the management fee, the liquidation preference of any Preferred Shares issued by the Trust will not be deducted from the Trust's total assets.

The 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 Trust or any

of its shareholders for any act or omission by the Investment Manager or for any losses sustained by the Trust or its shareholders. The Agreement in no way restricts the Investment Manager from acting as investment manager or adviser to others.

The Agreement was initially approved by the Trustees on December 2, 1993, and by Dean Witter InterCapital Inc. as the sole shareholder on February , 1994. The Agreement may be terminated at any time, without penalty, on thirty days' notice by the Trustees of the Trust, by the holders of a majority, as defined in the Act, of the outstanding shares of the Trust (Common Shares and Preferred Shares voting together as a single class), or by the Investment Manager. The Agreement will automatically terminate in the event of its assignment (as defined in the Act).

Under its terms, the Agreement will continue in effect until April 30, 1995, and from year to year thereafter, provided continuance of the Agreement is approved at least annually by the vote of the holders of a majority, as defined in the Act, of the outstanding voting securities of the Trust (Common Shares and Preferred Shares voting together as a single class), or by the Trustees of the Trust; provided that in either event such continuance is approved annually by the vote of a majority of the Trustees of the Trust who are not parties to the Agreement or "interested persons" (as defined in the Act) of any such party (the "Independent Trustees"), which vote must be cast in person at a meeting called for the purpose of voting on such approval.

PORTFOLIO TRANSACTIONS AND BROKERAGE

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Subject to the general supervision of the Board of Trustees, the

Investment Manager is responsible for decisions to buy and sell securities and futures contracts for the Trust, the selection of brokers and dealers to effect the transactions, and the negotiation of brokerage commissions, if any. The Trust expects that the primary market for the securities in which it intends to invest will generally be the over-the-counter market. Securities are generally traded in the over-the-counter market on a "net" basis with dealers acting as principal for their own accounts without charging a stated commission, although the price of the security usually includes a profit to the dealer. Options and futures transactions will usually be effected through a broker and a commission will be charged. The Trust also expects that securities will be purchased at times in underwritten offerings, where the price includes a fixed amount of compensation, generally referred to as the underwriter's concession or discount. On occasion, the Trust may also purchase certain money market instruments directly from an issuer, in which case no commissions or discounts are paid.

The Investment Manager currently serves as investment manager to a number of clients and may in the future act as investment manager or adviser to others. It is the practice of the Investment Manager to cause purchase and sale transactions to be allocated among the Trust and other investment companies or other accounts whose assets it manages or advises in such manner as it deems equitable. This allocation could adversely affect the size or price of the position purchased or sold. In making such allocations among the Trust 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 Trust and other client accounts.

The policy of the Trust 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 Trust's policies, the Investment Manager will effect transactions with those brokers and dealers who the Investment Manager believes provide the most

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favorable prices and who are capable of providing efficient executions. If the Investment Manager 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 Trust or the Investment Manager. 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 Trust will not purchase at a higher price or sell at a lower price in connection with transactions effected with a dealer acting as principal, who furnishes research services to the Trust, than would be the case if no weight were given by the Trust to the dealer's furnishing of such services.

The information and services received by the Investment Manager from brokers and dealers may be of benefit to the Investment Manager and its affiliates in the management of other accounts and may not in all cases benefit the Trust 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 thus reduce its expenses, it is of indeterminable value and the advisory fee paid to the Investment Manager is 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 Trust may effect principal transactions in certain money market instruments with DWR. The Trust 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 (not including tax-exempt municipal paper). Such transactions will be effected with DWR only when the price available from DWR is better than that available from other dealers.

Consistent with the policy described above, brokerage transactions in securities and futures contracts listed on exchanges or admitted to unlisted trading privileges may be effected through DWR. In order for DWR to effect portfolio transactions for the Trust, 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 Trust, including a majority of the independent 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.

Section 11(a) of the Securities Exchange Act of 1934 which generally prohibits members of United States national securities exchanges from executing exchange transactions for their affiliates and institutional accounts which they manage, permits such exchange members to execute such securities transactions on an exchange only if the affiliate or account expressly consents. To the extent Section 11(a) would apply to DWR acting as a broker for the Trust in any of its portfolio transactions executed on any such securities exchange of which DWR is a member, appropriate written consents have been given.

DETERMINATION OF NET ASSET VALUE

The net asset value per share of the Trust's Common Shares will be determined as of 4:00 p.m., New York time, on the last day of each week on which the New York Stock Exchange is open for trading by taking the value of all assets of the Trust, subtracting its liabilities (including for these purposes the liquidation value of the Preferred Shares), dividing by the number of Common Shares outstanding and adjusting to the nearest cent.

In the calculation of the Trust's net asset value: (1) a portfolio security listed or traded on the New York or American Stock Exchange is valued at its last sale price on that exchange (if there were no sales that day, the security is valued at the closing bid price); (2) all other portfolio securities for which over-the-counter market quotations are readily available are valued at the latest bid price; and (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 Trust's Board of Trustees (valuation of securities for which market quotations are not readily available may be based upon current market prices of securities which are comparable in coupon, rating and maturity or an appropriate matrix utilizing similar factors).

Portfolio securities for which market quotations are not readily available (other than short-term debt securities and futures and options) are valued for the Trust by an outside independent pricing service approved by the Board of Trustees. The pricing service has informed the Trust that in valuing the Trust's portfolio securities it uses both a computerized grid matrix of tax-exempt securities and evaluations by its staff, in each case based on information concerning market transactions and quotations from dealers which reflect the bid side of the market each day. The Trust's portfolio securities are thus valued by reference to a combination of transactions and quotations for the same or other securities believed to be comparable in quality, coupon, maturity, type of issue, call provisions, trading characteristics and other features deemed to be relevant. The Trustees believe that timely and reliable market quotations are generally not readily available to the Trust for purposes of valuing tax-exempt securities and that the valuations supplied by the pricing service, using the procedures outlined above and subject to periodic review, are more likely to approximate the fair value of such securities. The Investment Manager will periodically review and evaluate the procedures, methods and quality of services provided by the pricing service then being used by the Trust and may, from time to time, recommend to the Trustees the use of other pricing services or discontinuance of the use of any pricing service in whole or in part. The Trustees may determine to approve such recommendation or to make other provisions for pricing of the Trust's portfolio securities.

Short-term taxable debt securities with remaining maturities of 60 days or less at 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 market value as determined by the Trustees. Other short-term taxable debt securities will be valued on a marked-to-market basis until such time as they reach a remaining maturity of 60 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' fair value, in which case the 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 as of the close of the commodities exchange on which they trade unless the Trustees determine that such price does not reflect their fair value, in which case they will be valued at their fair market 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.

It is the Trust's present policy, which may be changed by the Board of Trustees, to pay monthly dividends to Common Shareholders from net investment income of the Trust. Initial distributions to Com-

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mon Shareholders are expected to be declared within approximately 60 days and paid within approximately 90 days from the completion of this offering. From and after the issuance of the Preferred Shares, monthly distributions to Common Shareholders will consist of substantially all net investment income of the Trust, if any, remaining after the payment of dividends on the Preferred Shares. Net investment income of the Trust consists of all interest income accrued on portfolio assets less all expenses of the Trust. Expenses of the Trust are accrued each day. The Trust will distribute all of its net realized long-term and short-term capital gains, if any, at least once per year to the extent not necessary to pay dividends on or meet the liquidation preference of the Preferred Shares, but it may make such distributions on a more frequent basis to comply with the distribution requirements of the Tax Reform Act of 1986, as amended, in all events in a manner consistent with such Act.

For tax purposes, the Trust is currently required to allocate net tax-exempt interest, net capital gains and other taxable income, if any, between the Common Shares and the Preferred Shares in proportion to total distributions paid to each class for the year in which such net capital gains or other taxable income is realized. See "Taxation." For information relating to the impact of the issuance of the Preferred Shares on the distributions made by the Trust to Common Shareholders, see "Special Leverage Considerations--Risks of Leverage."

While there are any Preferred Shares outstanding, the Trust may not declare any cash dividend or other distribution on its Common Shares unless at the time of such declaration, (1) all accrued Preferred Share dividends have been paid and (2) the net asset value of the Trust's portfolio (determined after deducting the amount of such dividend or other distribution) is at least 200% (or possibly in excess thereof if required by a rating service as a condition of obtaining a rating on the Preferred Shares) of the liquidation value of the outstanding Preferred Shares (expected to equal the original purchase price per share plus any accrued and unpaid dividends thereon). This limitation on the Trust's ability to make distributions on its Common Shares could under certain circumstances impair the ability of the Trust to maintain its qualification for taxation as a regulated investment company. The Trust intends, however, to the extent possible, to purchase or redeem Preferred Shares from time to time to maintain such asset coverage requirements and may pay special dividends to the holders of such Preferred Shares in certain circumstances in connection with any such impairment of the Trust's status as a regulated investment company. See "Taxation."

All persons becoming registered holders of Common Shares of the Trust (other than brokers and nominees of banks or other financial institutions) may elect to have all dividends and capital gains distributions automatically reinvested in additional Common Shares pursuant to the Trust's Dividend Reinvestment Plan (the "Plan"), and will be deemed to have appointed Dean Witter Trust Company (the "Transfer Agent") as their Plan agent to act on their behalf under the Plan. All distributions under the Plan will automatically be reinvested in Common Shares of the Trust in full and fractional Shares as described below. Shareholders who do not participate in the Plan will receive all distributions in cash paid by check mailed directly to the shareholder of record by the Transfer Agent as dividend disbursing agent.

DETAILS OF THE PLAN

Whenever the Trust declares a dividend or other distribution, it will pay the amount thereof in cash to the Transfer Agent on behalf of Common Shareholders participating in the Plan, which the Transfer Agent must use to buy Common Shares in the open market for the participants' accounts. Market price for the purpose of the Plan will be the market price of the Common Shares on a national securities exchange, or in the event that the Common Shares are not listed on a securities exchange at the time, market price will be the asked price, or the mean of the asked prices if more than one is available, of the Common Shares in the over-the-counter market.

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Common Shareholders may terminate their participation in the Plan at any time and elect to receive distributions in cash by notifying the Transfer Agent in writing. Such notification must be received prior to the record date

of any distribution. There will be no charge or other penalty for such termination.

The Transfer Agent will maintain the Common Shareholder's account, hold the certificates representing the additional Common Shares acquired through the Plan in safekeeping and furnish the Common Shareholder with written confirmation of all transactions in the account, including information needed for personal and tax records. The Transfer Agent will vote shares in the Common Shareholder's account in accordance with any proxy the Common Shareholder gives the Trust for Common Shares held of record by him or her. On termination of the account, a certificate for full shares in the account, plus a check for the market value of any fractional interest, will be sent to the Common Shareholder.

Brokers and nominees of banks and financial institutions are advised to contact the Transfer Agent to determine whether the beneficial holders of Common Shares held in their names may participate in the Plan.

The automatic reinvestment of dividends and distributions will not relieve participants of any income tax that may be payable on such dividends or distributions. See "Taxation" for a discussion of the taxation of dividends and distributions and for a discussion of certain possible tax consequences of the Plan.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Trust reserves the right to amend or terminate the Plan. There is no service charge to participants in the Plan; however, the Trust reserves the right to amend the Plan to include a service charge payable by the participants to the Transfer Agent to cover its expenses in administering the Plan. Each participant will pay a pro rata share of brokerage commissions incurred with respect to the Transfer Agent's open market purchases in connection with the reinvestment of dividends or capital gains distributions. All correspondence concerning the Plan should be directed to Dean Witter Trust Company, Harborside Financial Center, Plaza Two, Jersey City, New Jersey 07311.

TAXATION
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Because the Trust intends to distribute all of its net investment income and capital gains to shareholders and intends to otherwise comply with all the provisions of Subchapter M of the Internal Revenue Code of 1986 (the "Code"), it is not expected that the Trust will be required to pay any federal income tax on such income and capital gains.

The Trust currently intends to qualify to pay "exempt-interest dividends" to its shareholders by maintaining, as of the close of each quarter of its taxable year, at least 50% of the value of its total assets in securities exempt from federal income tax. If the Trust satisfies such requirement, distributions from net investment income to shareholders will be excludable from gross income for federal income tax purposes to the extent properly designated as exempt-interest dividends and to the extent net investment income is derived from tax-exempt securities. Exempt-interest dividends are included, however, in determining what portion, if any, of a person's Social Security and railroad retirement benefits are subject to federal income tax. As discussed below, such dividends may also be subject to the alternative minimum tax. Interest on indebtedness incurred by shareholders to purchase or carry shares of an investment company paying exempt-interest dividends, such as the Trust, will not be deductible by the investor for federal income tax purposes to the extent attributable to exempt-interest dividends.

The Internal Revenue Service ("IRS") currently requires a regulated investment company that has two or more classes of shares to allocate proportionate amounts of each type of the Trust's income for the year to each class of shares based upon the percentage of total dividends distributed to each class

for the taxable year. So long as the IRS maintains this position, the Trust intends to allocate net tax-exempt interest, net capital gains and other taxable income, if any, between the Common Shares and the Preferred Shares in proportion to the total dividends paid to each class with respect to the taxable year. To the extent permitted under applicable law, the Trust reserves the right to make special allocations of income within a class, consistent with the objectives of the Trust. When capital gain or other taxable income is allocated to holders of preferred stock pursuant to the allocation rules described above, the terms of the preferred stock may require the Trust to make an additional distribution to or otherwise compensate such holders for the tax liability resulting from such allocation.

Dividends on the Common or any Preferred Shares, to the extent payable

from tax-exempt income earned on the Trust's investments, will be exempt from Federal income tax in the hands of holders of such shares, subject to the possible application of the alternative minimum tax. Shareholders will normally be subject to federal income tax on dividends paid from interest income derived from taxable securities and gains, if any, and on distributions derived from an excess of net short-term capital gains over long-term capital losses. No part of the distributions to shareholders will qualify for the dividends received deduction for corporations. Taxable long-term or short-term capital gains may be generated by the sale of portfolio securities and by transactions in options and futures contracts engaged in by the Trust. Distributions of long-term capital gains, if any, are taxable as long-term capital gains, regardless of how long the shareholder has held the Trust shares and regardless of whether the distribution is received in additional shares or in cash. Under the Revenue Reconciliation Act of 1993, all or a portion of the Trust's gain from the sale or redemption of tax-exempt obligations purchased at a market discount will be treated as ordinary income rather than capital gain. This rule may increase the amount of ordinary income dividends received by shareholders. For federal income tax purposes, a capital gain distribution with respect to shares held for six months or less, however, will cause any loss on a subsequent sale or exchange of such shares to be treated as long-term capital loss to the extent of such long-term capital gain distribution. In addition, with respect to a shareholder who receives exempt-interest dividends on shares held for less than six months (unless regulations provide for a shorter period), any loss on the sale or exchange of such shares will, to the extent of the amount of such exempt-interest dividends, be disallowed. If the Trust pays a dividend in January which was declared in the previous October, November or December to shareholders of record on a specified date in one of such months, then such dividend or distribution will be treated for tax purposes as being paid by the Trust and received by its shareholders on December 31 of the year in which such dividend was declared.

Taxpayers who may have alternative minimum tax liability should note that interest received on certain otherwise tax-exempt securities will increase alternative minimum taxable income and, as a result, may increase or create alternative minimum tax liability for such taxpayers. This alternative minimum tax applies to interest received on "private activity bonds" (in general, bonds that benefit non-governmental entities) issued after August 7, 1986 which, although tax-exempt, are used for purposes other than those generally performed by governmental units (e.g., bonds used for commercial or housing purposes). Income received on such bonds is classified as a "tax preference item," under the alternative minimum tax, for both individual and corporate investors. The Trust may invest without limit in such "private activity bonds" with the result that a substantial portion of the exempt-interest dividends paid by the Trust may be an item of tax preference to shareholders subject to the alternative minimum tax. The Trust will report to shareholders the portion of its dividends declared during the year which is a tax preference item for alternative minimum tax purposes, as well as the overall percentage of dividend distributions which constitutes exempt-interest dividends. Individual taxpayers are generally subject to the alternative minimum tax if their "regular tax" liability is less than their alternative minimum tax liability (which is based on graduated rates of 26% and 28%) on their "alternative minimum taxable income" reduced by an exemption amount ranging from \$0 to \$45,000 depending upon the taxpayer's income and filing status. Alter-

native minimum taxable income is generally equal to taxable income with certain adjustments and increased by certain "tax preference items" which may include a portion of the Trust's dividends as described above. In addition, the Code further provides that corporations are subject to an alternative minimum tax based, in part, on 75% of any excess of "adjusted current earnings" over taxable income as adjusted for other tax preferences. Because an exempt-interest dividend paid by the Trust will be included in computing adjusted current earnings, a corporate shareholder may therefore be required to pay an increased alternative minimum tax as the result of receiving exempt-interest dividends paid by the Trust.

The Code requires each regulated investment company to pay a nondeductible 4% excise tax to the extent the company does not distribute during each calendar year 98% of its ordinary income, determined on a calendar year basis, and 98% of its capital gains, determined in general on an October 31 year end, plus certain undistributed amounts from previous years. The required distributions, however, are based only on the taxable income of a regulated investment company. The excise tax, therefore, will generally not apply to the tax-exempt income of a regulated investment company such as the Trust that pays exempt-interest dividends. The Trust anticipates that it will make sufficient timely distributions to avoid imposition of the excise tax.

The Code provides that every person required to file a tax return must include on such return the amount of exempt-interest dividends received from the Trust during the taxable year.

The Superfund Amendments and Reauthorization Act of 1986 (the "Superfund Act") imposes a deductible tax on a corporation's alternative minimum taxable income (computed without regard to the alternative minimum tax net operating loss deduction) at a rate of \$12 per \$10,000 (0.12%) of alternative minimum taxable income in excess of \$2,000,000. The tax is imposed for taxable years beginning after December 31, 1986 and before January 1, 1996. The tax is imposed even if the corporation is not required to pay an alternative minimum tax because the corporation's regular income tax liability exceeds its minimum tax liability. Exempt-interest dividends paid by the Trust that create alternative minimum tax preferences for corporate shareholders under the Code (as described above) may be subject to the tax.

If at any time when Preferred Shares are outstanding, the Trust does not meet applicable asset coverage requirements, the Trust will be required to suspend distributions to holders of Common Shares until the asset coverage is restored. See "Dividends and Distributions." Any such suspension may prevent the Trust from qualifying for favorable treatment as a regulated investment company since one of the requirements for such favorable treatment is that an amount at least equal to the sum of 90% of its investment company taxable income (which includes any net short-term capital gains) plus 90% of its net tax-exempt interest income must be distributed to shareholders. If the Trust were not able to make such distributions, it would not be able to pay exempt-interest dividends to shareholders. Upon failure to meet applicable asset coverage requirements, the Trust may redeem Preferred Shares in order to meet such requirements. Alternatively, the Trust may pay special dividends to the Preferred Shareholders (which would decrease the amount such holders would be entitled to receive upon redemption or liquidation of the Preferred Shares).

As noted above, the Trust must distribute annually an amount at least equal to the sum of 90% of its investment company taxable income plus 90% of its net tax-exempt interest income. A distribution will be counted for this purpose, and for purposes of computing taxable income, only if it qualifies for the dividends-paid deduction under the Code. Some types of preferred shares that the Trust currently contemplates issuing may raise an issue whether distributions on such preferred shares are "preferential" under the Code and therefore not eligible for the dividends-paid deduction. The Trust intends to rely on the advice of its counsel and may seek a private letter ruling from the IRS on the issues raised by issuance of

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those types of preferred shares. Moreover, the Trust intends to issue preferred shares that counsel advises will not result in the payment of a preferential dividend. If the Trust ultimately relies solely on a legal opinion when it issues such preferred shares, there is no assurance that the IRS would agree that dividends on the preferred shares are not preferential. If the IRS successfully disallowed the dividends-paid deduction on the preferred shares, the Trust could be disqualified as a regulated investment company. In this case, dividends on the Common Shares would not be exempt from Federal income tax. Additionally, the Trust may be subject to the alternative minimum tax.

The tax treatment of listed put and call options written or purchased by the Trust on debt securities and on certain futures contracts and options thereon entered into by the Trust will be governed by Section 1256 of the Code. Absent a tax election to the contrary, each such position held by the Trust will be marked-to-market (i.e., treated as if it were sold for fair market value) on the last business day of each taxable year of the Trust, and all gain or loss associated with transactions in such positions will be treated as 60% long-term capital gain or loss and 40% short-term capital gain or loss. Positions of the Trust which consist of at least one debt security and at least one option or futures contract which substantially diminishes the Trust's risk of loss with respect to such debt security could be treated as "mixed straddles" which are subject to the straddle rules of Section 1092 of the Code, the operation of which may cause deferral of losses, adjustments in the holding periods of debt securities and conversion of short-term capital losses into long-term capital losses. Certain tax elections exist for mixed straddles which reduce or eliminate the operation of the straddle rules. Furthermore, as a regulated investment company, the Trust is subject to the requirement that less than 30% of its gross income be derived from the sale or other disposition of securities held for less than three months. This requirement may limit the Trust's ability to engage in options and futures transactions. The Trust will monitor its transactions in options and futures contracts and may make certain tax elections in order to mitigate the effect of these rules and prevent disqualification of the Trust as a regulated investment company under Subchapter M of the Code. Such tax elections may result in an increase in distributions of ordinary income (relative to long-term capital gain) to shareholders.

Because the Trust may invest without limit in private activity bonds, or industrial development bonds, the interest on which is not federally tax-exempt to persons who are "substantial users" of the facilities financed by such bonds or "related persons" of such "substantial users," the Trust may not

be an appropriate investment for shareholders who are considered either a "substantial user" or a "related person." Such persons should consult their tax advisers before investing in the Trust.

Under certain provisions of the Code, shareholders may be subject to a 31% withholding on reportable dividends, capital gains distributions and redemption payments ("backup withholding"). Generally, shareholders subject to backup withholding will be those for whom a taxpayer identification number is not on file with the Trust or who, to the Trust's knowledge, have furnished an incorrect number. When establishing an account, an investor must certify under penalty of perjury that such number is correct and that such investor is not subject to backup withholding.

Dividends paid by the Trust from its ordinary income and distributions of the Trust's net short-term capital gains paid to shareholders who are nonresident aliens or foreign entities will be subject to a 30% United States withholding tax under existing provisions of the Code applicable to foreign individuals and entities unless a reduced rate of withholding or a withholding exemption is provided under applicable treaty law.

The exemption of interest income for federal income tax purposes does not necessarily result in exemption under the income or other tax laws of any state or local taxing authority. Thus, shareholders of the Trust may be subject to state and local taxes on exempt-interest dividends.

Shareholders should consult their tax advisers as to the applicability of the above to their own tax situation.

DESCRIPTION OF SHARES

GENERAL

The Declaration of Trust provides that the Trustees of the Trust may authorize separate classes of shares of beneficial interest, and the Trustees have authorized the issuance of the Common Shares and the Preferred Shares.

The Trust is an entity of the type commonly known as a "Massachusetts business trust." Under Massachusetts law, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Trust and provides for indemnification and reimbursement of expenses out of the Trust's property for any shareholder held personally liable for the obligations of the Trust. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Trust itself would be unable to meet its obligations. Given the nature of the Trust's assets and operations, the possibility of the Trust being unable to meet its obligations is remote and, in the opinion of Massachusetts counsel to the Trust, the risk to Trust shareholders is remote.

The Declaration of Trust further provides that obligations of the Trust are not binding upon the Trustees individually but only upon the property of the Trust and that the Trustees will not be liable for errors of judgment or mistakes of fact or law, but nothing in the Declaration of Trust protects a Trustee against any liability 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.

The Trust may be terminated (i) by the affirmative vote of the holders of not less than 80% of each of the Common Shares and the Preferred Shares outstanding and entitled to vote, voting as separate classes or (ii) by an instrument signed by a majority of the Trustees and consented to by the holders of not less than two-thirds, of each of the Trust's Common Shares and Preferred Shares. Upon termination of the Trust, the Trustees will wind up the affairs of the Trust, the Trust's business will be liquidated and the Trust's net assets, after liquidating distributions to which they are entitled are made to the Preferred Shareholders, will be distributed to the Trust's Common Shareholders on a pro rata basis. If not so terminated, the Trust will continue indefinitely.

COMMON SHARES

The Trust's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional Common Shares of Beneficial Interest, of \$.01 par value. Share certificates will be issued upon request to the holder of record of Trust Common Shares. So long as any Preferred Shares are outstanding, Common Shareholders will not be entitled to receive any net income of or other distributions from the Trust unless all accrued dividends on the Preferred Shares have been paid, and unless asset coverage (as defined in the

Act) with respect to the Preferred Shares would be at least 200% after giving effect to such distributions. See "Preferred Shares" below.

The Trust's Declaration of Trust permits the Trustees to divide or combine the Common Shares into a greater or lesser number of shares without thereby changing the proportionate beneficial interests in the Trust. Each Common Share represents an equal proportionate interest in the Trust with each other Common Share. Other offerings of its Common Shares, if made, will require approval of the Trust's Board of Trustees. Any additional offering will be subject to the requirements of the Act that Common

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Shares may not be sold at a price below the then current net asset value, exclusive of underwriting discounts and commissions, except, among other things, in connection with an offering to existing Common Shareholders or with the consent of the holders of a majority of the outstanding Common Shares of the Trust.

Pursuant to the Declaration of Trust, the Trust will hold annual meetings of shareholders. Common Shareholders are entitled to one vote for each Common Share held and to vote in the election of Trustees, subject to certain voting rights of the Preferred Shareholders, and on other matters submitted to meetings of shareholders. No material amendment may be made to the Trust's Declaration of Trust without the affirmative vote of a majority or greater of its shareholders (majority of each of the Common Shares and the Preferred Shares voting as separate classes). 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. Common Shares have no pre-emptive or conversion rights. Common Shares when issued are fully paid and non-assessable.

PREFERRED SHARES

The Trust's Declaration of Trust authorizes the issuance of up to 1,000,000 Preferred Shares having a par value of \$.01 per share in one or more series, with rights as determined by the Board of Trustees, by action of the Board of Trustees without the approval of the Common Shareholders. Common Shareholders have no pre-emptive right to purchase any Preferred Shares that might be issued.

The Trust's Board of Trustees has indicated its present intention to authorize an offering of Preferred Shares within approximately six months of the completion of the offering of Common Shares, subject to market conditions and to the Board's continuing to believe that leveraging the Trust's capital structure through the issuance of Preferred Shares is likely to achieve the benefits to the Common Shareholders described in this Prospectus. There can be no assurance that the Preferred Shares will be issued. In addition, if required by an agency rating the Preferred Shares or if the Board of Trustees determines it to be in the best interests of the Common Shareholders, more restrictive provisions may be imposed than required by the Act. Such provisions may include entitling holders of the Preferred Shares to elect a majority of the Trust's Board of Trustees if payments on the Preferred Shares are unpaid in an amount less than the amount specified in the Act.

Under the requirements of the Act, the Trust must, immediately after the issuance of the Preferred Shares, have an "asset coverage" of at least 200%. With respect to the Preferred Shares, asset coverage means the ratio which the value of the total assets of the Trust, less all liability and indebtedness not represented by senior securities (as defined in the Act), bears to the aggregate amount of senior securities representing indebtedness of the Trust, if any, plus the aggregate liquidation preference of the Preferred Shares. The liquidation value of the Preferred Shares is expected to equal their aggregate original purchase price plus any accrued and unpaid dividends thereon. It is anticipated that immediately after the completion of any offering of the Preferred Shares, the Trust's asset coverage ratio will be at least 280%. The terms of the Preferred Shares, including the dividend rate, voting rights, liquidation preference and redemption provisions, will be determined by the Board of Trustees (subject to applicable law and the Trust's Declaration of Trust) if and when it authorizes the Preferred Shares offering. However, the Board has stated that the terms of the initial series of Preferred Shares would likely provide for the periodic redetermination of the dividend rate at relatively short intervals through an auction or remarketing procedure. If issued, the dividend rate and the issue price of the Preferred Shares will reflect the tax status of the distributions to the holders of the Preferred Shares. As an example, the Preferred Shares may provide for additional dividend payments to compensate the holders thereof for any

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assumed tax detriment resulting from certain required allocations to them of ordinary income and/or capital gains. The Board has also indicated that the liquidation preference, voting rights and redemption provisions of the Preferred Shares will likely be as stated below.

Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Trust, the holders of Preferred Shares will be entitled to receive a preferential liquidating distribution (expected to equal the original purchase price per share plus accrued and unpaid dividends, whether or not earned or declared) before any distribution of assets is made to holders of Common Shares. After payment of the full amount of the liquidating distribution to which they are entitled, the Preferred Shareholders will not be entitled to any further participation in any distribution of assets by the Trust. A consolidation or merger of the Trust with or into any other corporation or corporations or a sale of all or substantially all of the assets of the Trust will not be deemed to be a liquidation, dissolution or winding up of the Trust.

Voting Rights. Except as indicated above and as set forth below under "Anti-Takeover Provisions," or except as expressly required by applicable law or expressly set forth in the designation of rights and preferences with respect to the Preferred Shares, the Preferred Shareholders will have no separate voting rights. When Preferred Shareholders are entitled to vote, each holder shall be entitled to cast one vote per Preferred Share (except as may otherwise be required by provisions of the Act).

All Trustees will be subject to election by the shareholders at the first meeting of shareholders. Thereafter, the Board of Trustees of the Trust will be divided into three classes, each class having a term of three years. The term of office of one class will expire each year. At the first annual meeting after issuance of the Preferred Shares, the Trust's shareholders (Common Shareholders and Preferred Shareholders voting together as a single class) will have the right to elect eight Trustees and the Preferred Shareholders, voting as a separate class, will have the right to elect two Trustees. Under the Act, if at any time dividends on the Trust's Preferred Shares are unpaid in an amount equal to two full years' dividends thereon, the holders of all outstanding Preferred Shares, voting as a class, will be entitled to elect a majority of the Trust's Trustees until all dividends in arrears have been paid or otherwise provided for.

The affirmative vote of the holders of a majority of the outstanding Preferred Shares, voting as a separate class, will be required to amend, alter or repeal any of the preferences, rights or powers of holders of Preferred Shares so as to affect materially and adversely such preferences, rights, or powers, or increase or decrease the number of Preferred Shares authorized to be issued. Unless a higher percentage is provided for under "Anti-Takeover Provisions" in the Declaration of Trust, the affirmative vote of the holders of a majority of the outstanding Preferred Shares, voting as a class, will be required to approve any plan of reorganization adversely affecting such shares or any action requiring a vote of security holders under Section 13(a) of the Act including, among other things, changes in the Trust's investment objective or changes in the investment restrictions described above under "Investment Restrictions."

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required to be effected, all outstanding Preferred Shares shall have been redeemed or shall no longer be deemed to be outstanding.

Redemption, Purchase and Sale of Preferred Shares by the Trust. The terms of the Preferred Shares may include optional or mandatory redemption provisions which provide for the redemption of such shares at certain times, in whole or in part, at the original purchase price per Preferred Share plus accrued dividends and redemption premium, if any. The terms may also provide that the Trust may tender for or purchase Preferred Shares and that the Trust may subsequently resell any shares so

tendered for or purchased. In addition, if the Preferred Shares are rated, the rating agency may impose additional mandatory redemption requirements if certain asset coverage or other tests are not met by the Trust or if there is an arrearage in the payment of dividends. The Trust cannot predict what, if any, additional mandatory redemption requirements may be imposed by a rating agency in connection with its rating of the Preferred Shares. Any redemption or purchase of Preferred Shares by the Trust will reduce the leverage applicable to the Common Shares, while any resale of Preferred Shares by the Trust will increase such leverage. See "Special Leverage Considerations."

The discussion above describes the Board of Trustees' present intention with respect to an offering of Preferred Shares. If the Board of Trustees

determines to proceed with such an offering, the terms of the Preferred Shares may be the same as, or different from, the terms described above, subject to applicable law and the Trust's Declaration of Trust. The Board of Trustees, without the approval of the Common Shareholders, may authorize an offering of Preferred Shares or may determine not to authorize such an offering, and may fix the terms of the Preferred Shares.

ANTI-TAKEOVER PROVISIONS

The Trust presently has certain anti-takeover provisions in its Declaration of Trust which could have the effect of limiting the ability of other entities or persons to acquire control of the Trust, to cause it to engage in certain transactions or to modify its structure. Following the first meeting of Shareholders, the Board of Trustees will be divided into three classes, each having a term of three years. Each year the term of one class expires. This provision could delay for up to two years the replacement of a majority of the Board of Trustees. See "Trustees and Officers." In addition, the affirmative vote or consent of the holders of 80% of the shares (Common Shares and Preferred Shares voting as separate classes) of the Trust (a greater vote than that required by the Act and greater than the required vote applicable to business corporations under state law) is required to authorize the conversion of the Trust from a closed-end to an open-end investment company, or generally to authorize any of the following transactions:

- (i) merger or consolidation of the Trust with or into any other corporation;
- (ii) issuance of any securities of the Trust to any person or entity for cash;
- (iii) sale, lease or exchange of all or any substantial part of the assets of the Trust, to any entity or person (except assets having an aggregate fair market value of less than \$1,000,000);
- (iv) sale, lease or exchange to the Trust, in exchange for securities of the Trust, of any assets of any entity or person (except assets having an aggregate fair market value of less than \$1,000,000)

if such corporation, person or entity is directly, or indirectly through affiliates, the beneficial owner of 5% or more of the outstanding shares of the Trust. However, such 80% vote or consent will not be required with respect to the foregoing transactions where the Board of Trustees under certain conditions approves the transaction, in which case, with respect to (i) and (iii) above, a majority shareholder vote or consent will be required, and, with respect to (ii) and (iv) above, no shareholder vote or consent would be required. Furthermore, any amendment to the provisions in the Declaration of Trust requiring an 80% shareholder vote or consent for the foregoing transactions similarly requires an 80% shareholder vote or consent. Reference is made to the Declaration of Trust of the Trust, on file with the Securities and Exchange Commission, for the full text of these provisions. See "Further Information."

The foregoing provisions will make more difficult a change in the Trust's management, or consummation of the foregoing transactions without the Trustees' approval, and could have the effect of depriving Common Shareholders of an opportunity to sell their Common Shares at a premium over

prevailing market prices by discouraging a third party from seeking to obtain control of the Trust in a tender offer or similar transaction. However, the Board of Trustees has considered these anti-takeover provisions and believes that they are in the shareholders' best interests and benefit shareholders by providing the advantage of potentially requiring persons seeking control of the Trust to negotiate with its management regarding the price to be paid and facilitating the continuity of the Trust's management.

PRINCIPAL SHAREHOLDER

InterCapital provided the initial capital for the Trust by purchasing Common Shares of the Trust for \$ on February , 1994. As of the date of this Prospectus, InterCapital owned 100% of the outstanding shares of the Trust. InterCapital may be deemed to control the Trust until such time as it owns less than 25% of the outstanding shares of the Trust.

SHARE REPURCHASES AND TENDERS

Shares of closed-end investment companies frequently trade at a discount from net asset value. In recognition of the possibility that the Trust's Common Shares might similarly trade at a discount, the Trustees have determined that it would be in the interest of Common Shareholders for the Trust to take action to attempt to reduce or eliminate a market value discount

from net asset value. To that end, the Trustees presently contemplate that the Trust would from time to time take action either to repurchase or redeem its Common Shares in the open market, or to tender for the Common Shares at net asset value. The Board presently intends, on an annual basis, to consider the making of a tender offer for the Common Shares. At no time, however, will the Trustees be required to make such repurchases or tender offers.

The Trust may repurchase its Common Shares in the open market or in privately negotiated transactions, at a price not above market value, if any, or net asset value, whichever is lower, at the time of such purchase. Such repurchases will be done in accordance with applicable securities laws.

In addition, the Trustees have currently determined to consider, on an annual basis, the making of an offer to each shareholder of record to purchase shares owned by such shareholder at a price to be determined in accordance with the terms and conditions described below.

There can be no assurance that repurchases and/or tenders will result in the Trust's shares trading at a price which is equal to their net asset value. The Trust anticipates that the market price of its Common Shares will vary from time to time from net asset value. The market price of the Trust's Common Shares will, among other things, be determined by the relative demand for and supply of such Common Shares in the market, the Trust's investment performance, the Trust's dividends and yield and investor perception of the Trust's overall attractiveness as an investment as compared with other investment alternatives. Nevertheless, the fact that the Trust's Common Shares may be the subject of repurchases and/or tender offers from time to time may enhance their attractiveness to investors and thus reduce the spread between market price and net asset value that might otherwise exist. In the opinion of the Investment Manager, sellers will be less inclined to accept a significant discount if they have some prospect of being able to recover net asset value in conjunction with a possible tender offer. Common Shares will not be repurchased unless after such repurchase the Trust would continue to satisfy the Act asset coverage requirements under the Act with respect to the Preferred Shares and any asset coverage requirements which may be imposed by any rating service as a condition of its rating of the Preferred Shares. If Preferred Shares are issued, any repurchase of Common Shares may also require the Trust to redeem Preferred Shares.

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Although the Trustees believe that share repurchases and tenders generally would have a favorable effect on the market price of the Trust's Common Shares, it should be recognized that the acquisition of Common Shares by the Trust will decrease the total assets of the Trust and therefore have the effect of increasing the Trust's expense ratio and decreasing the asset coverage available with respect to the Preferred Shares. Because of the nature of the Trust's investment objective, policies and portfolio, the Investment Manager does not anticipate that repurchases and tenders should have an adverse effect on the Trust's investment performance and does not anticipate any material difficulty in disposing of portfolio securities in order to consummate share repurchases and tenders.

Even if a tender offer has been made, it is the Trustees' announced policy, which may be changed by the Trustees, not to accept tenders or effect repurchases if (1) such transactions, if consummated, would (a) result in the delisting of the Trust's Common Shares from the New York Stock Exchange (the Exchange having advised the Trust that it would consider delisting if the aggregate market value of the Trust's outstanding publicly held Common Shares is less than \$5,000,000, the number of publicly held Common Shares falls below 600,000 or the number of roundlot holders falls below 1,200), or (b) impair the Trust's status as a regulated investment company under the Code (which would make the Trust a taxable entity, causing the Trust's income to be taxed at the corporate level in addition to the taxation of shareholders who receive dividends from the Trust) or (c) result in a failure to comply with applicable asset coverage requirements, or (d) would result in the forced redemption of Preferred Shares due to the asset coverage requirements imposed by the Act or by a rating agency as a condition of its rating of the Preferred Shares; (2) the Trust would not be able to liquidate portfolio securities in an orderly manner and consistent with the Trust's investment objective and policies in order to repurchase Common Shares; or (3) there is, in the judgment of the Trustees, any material (a) legal action or proceeding instituted or threatened challenging such transactions or otherwise materially adversely affecting the Trust, (b) suspension of or limitation on prices for trading securities generally on the New York Stock Exchange or any foreign exchange on which portfolio securities of the Trust are traded, (c) declaration of a banking moratorium by federal, state or foreign authorities or any suspension of payment by banks in the United States, New York State or foreign countries in which the Trust invests, (d) limitation affecting the Trust or the issuers of its portfolio securities imposed by federal, state or foreign authorities on the extension of credit by lending institutions or on the exchange of foreign currency, (e) commencement of war, armed hostilities or other international or

national calamity directly or indirectly involving the United States or other countries in which the Trust invests, or (f) other event or condition which would have a material adverse effect on the Trust or its shareholders if Common Shares were repurchased. The Trustees may modify these conditions in light of experience.

It is currently anticipated that any tender offer made by the Trust will be at a price equal to the net asset value of the Common Shares on a date subsequent to the Trust's receipt of all tenders. A procedure will be established whereby the current net asset value of the Common Shares is readily ascertainable to the Common Shareholders throughout the offering period. Each offer will be made and Common Shareholders notified in accordance with the requirements of the Securities Exchange Act of 1934 and the Act, either by publication or mailing or both. Each offering document will contain such information as is prescribed by such laws and the rules and regulations promulgated thereunder. When a tender offer is authorized to be made by the Trustees, the terms of such tender offer will set forth the maximum number of Common Shares (if less than all) that the Trust is willing to purchase pursuant to the tender offer. The Trust will purchase, subject to such maximum number of Common Shares tendered in accordance with the terms of the offer, all Common Shares tendered in accordance with the terms of the offer unless it determines to accept none of them. In the event that a number of Common Shares in excess of such maximum number of outstanding Common Shares are tendered in accordance with the Trust's tender

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offer, the Trust intends to purchase, on a pro rata basis, an amount of tendered Common Shares equal to such maximum amount of the outstanding Common Shares. Each person tendering Common Shares to the Trust will be charged a service charge, currently expected to be \$25.00, to help defray certain costs, including the processing of tender forms, effecting payment, postage and handling. In accordance with the current SEC staff position, such service charge may not be deducted from the proceeds of the tender. Accordingly, payment of the proceeds to Common Shareholders tendering their shares will be delayed until payment of the service charge is received by the Trust. The Trust's transfer agent will receive the fee as an offset to these costs. The Trust expects the cost to the Trust of effecting a tender offer will exceed the aggregate of all service charges received from those who tender their Common Shares. These excess costs, if any, will be charged against capital.

Subject to its investment restrictions, the Trust may borrow money to finance the repurchase of its Common Shares in the open market or pursuant to any tender offer. Interest on any borrowings to finance share repurchase transactions will reduce the Trust's net income. See "Investment Practices--Borrowing" and "Investment Restrictions."

Tendered Common Shares that have been accepted and purchased by the Trust will be held in the treasury ("Treasury Shares") until retired by the Trustees. Treasury Shares will be recorded and reported as an offset to shareholders' equity, and accordingly will reduce the Trust's total net asset value. If Treasury Shares are retired, Common Shares issued and outstanding and capital in excess of par will be reduced.

CUSTODIAN, DIVIDEND DISBURSING AGENT AND TRANSFER AGENT

The Bank of New York, 110 Washington Street, New York, New York 10286 is the Custodian of the Trust's assets. The Custodian has no part in choosing the Trust's investment policies or in deciding which securities are to be purchased or sold for the Trust's portfolio. Any Trust cash balances with the Custodian in excess of \$100,000 are unprotected by Federal deposit insurance. Such amounts may, at times, be substantial.

Dean Witter Trust Company, Harborside Financial Center, Plaza Two, Jersey City, New Jersey 07311, an affiliate of InterCapital, is the Transfer Agent of the Trust's Common Shares, Dividend Disbursing Agent for payment of dividends and distributions and Agent for Shareholders under the Plan. For these services Dean Witter Trust Company receives an annual per shareholder account fee from the Trust.

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UNDERWRITING

The Underwriters named below, for whom Dean Witter Distributors Inc.,

Common Shares to a minimum of 2,000 beneficial owners.

REPORTS TO SHAREHOLDERS

The Trust will send to shareholders semi-annual reports showing the Trust's portfolio and other information. An annual report, containing financial statements audited by independent accountants, together with their report thereon, will be sent to shareholders each year.

LEGAL OPINIONS AND EXPERTS

Certain legal matters in connection with the Common Shares offered hereby will be passed upon for the Trust by Sheldon Curtis, Esq., who is an officer and the General Counsel of the Trust and of InterCapital, and for the Underwriters by Brown & Wood, New York, New York. Both Sheldon Curtis, Esq. and Brown & Wood may rely upon the opinion of Lane & Altman, Boston, Massachusetts as to matters of Massachusetts law.

The statement of assets and liabilities of the Trust at February , 1994 included herein has been so included in reliance upon the report of , independent accountants, given on the authority of said firm as experts in auditing and accounting.

FURTHER INFORMATION

This Prospectus does not contain all of the information set forth in the Registration Statement that the Trust 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.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholder and Trustees of InterCapital Insured Municipal Securities

In our opinion, the accompanying statement of assets and liabilities presents fairly, in all material respects, the financial position of InterCapital Insured Municipal Securities (the "Trust") at February , 1994, in conformity with generally accepted accounting principles. This financial statement is the responsibility of the Trust's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this financial statement in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

February , 1994

INTERCAPITAL INSURED MUNICIPAL SECURITIES STATEMENT OF ASSETS AND LIABILITIES AT FEBRUARY , 1994

Assets:
Cash..... \$

Deferred organization expenses (Note 1).....	-----
Total assets.....	
Liabilities:	
Organization expenses payable (Note 1).....	
Commitments (Notes 1 and 2).....	-----
Net assets:	
Preferred Shares of beneficial interest, \$.01 par value; 1,000,000 shares authorized, none issued (Note 3).....	
Common Shares of beneficial interest, \$.01 par value; unlimited number of shares authorized, shares issued and outstanding.....	
Paid-in surplus attributable to Common Shares.....	-----
	\$

Net asset value per Common Share.....	\$

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Note 1-- InterCapital Insured Municipal Securities (the "Trust") was organized as a Massachusetts business trust on October 14, 1993 and has had no operations other than those relating to organizational matters and the issuance of Common Shares of beneficial interest for \$ to Dean Witter InterCapital Inc. (the "Investment Manager"). The Trust is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified closed-end management investment company.

Organization expenses relating to the Trust incurred and to be incurred by the Investment Manager will be reimbursed by the Trust. Such expenses, estimated at \$, will be deferred and amortized on the straight-line method by the Trust against operations over a period not to exceed sixty months from the commencement of operations of the Trust. Costs relating to the public offering of its common shares, estimated to be \$, will be paid from the proceeds of the offering and charged to capital at the time of issuance of such Common Shares.

Note 2-- The Trust will enter into an Investment Management Agreement with the Investment Manager. Certain officers and/or Trustees of the Trust are officers and/or directors of the Investment Manager. The Investment Manager is a wholly-owned subsidiary of Dean Witter, Discover & Co.

The Investment Management Agreement provides for the Investment Manager to receive a fee computed weekly and payable monthly at the annual rate of 0.35% of the Trust's average weekly net assets. The Investment Manager will provide portfolio management and certain administrative, clerical and bookkeeping services for the Trust. For purposes of calculating the management fee, the liquidation preference of any Preferred Shares issued by the Trust will not be deducted from the Trust's total assets.

Note 3-- The Trust is authorized by its Declaration of Trust to issue up to 1,000,000 Preferred Shares of beneficial interest having a par value of \$.01 per share in one or more series, with rights as determined by the Trustees, by action of the Trustees without the approval of the Common Shareholders.

APPENDIX A

RATINGS OF INVESTMENTS

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MOODY'S INVESTORS SERVICE INC. ("MOODY'S")

MUNICIPAL BOND RATINGS

Aaa Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

A Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa Bonds which are rated Baa are considered as medium grade obligations; i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Bonds rated Aaa, Aa, A and Baa are considered investment grade bonds.

Ba Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate, and therefore not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca Bonds which are rated Ca present obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C Bonds which are rated C are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

A-1

Conditional Rating: Bonds for which the security depends upon the completion of some act or the fulfillment of some condition are rated conditionally. These are bonds secured by (a) earnings of projects under construction, (b) earnings of projects unseasoned in operation experience, (c) rentals which begin when facilities are completed, or (d) payments to which some other limiting condition attaches. Parenthetical rating denotes probable credit stature upon completion of construction or elimination of basis of condition.

Rating Refinements: Moody's may apply numerical modifiers, 1, 2 and 3 in each generic rating classification from Aa through B in its municipal bond rating system. The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and a modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

MUNICIPAL NOTE RATINGS

Moody's ratings for state and municipal notes and other short-term loans are designated Moody's Investment Grade (MIG). MIG 1 denotes best quality and means there is present strong protection from established cash flows, superior liquidity support or demonstrated broad-based access to the market for refinancing. MIG 2 denotes high quality and means that margins of protection are ample although not as large as in MIG 1. MIG 3 denotes favorable quality and means that all security elements are accounted for but that the undeniable strength of the previous grades, MIG 1 and MIG 2, is lacking. MIG 4 denotes adequate quality and means that the protection commonly regarded as required of an investment security is present and that while the notes are not distinctly or predominantly speculative, there is specific risk.

VARIABLE RATE DEMAND OBLIGATIONS

A short-term rating, in addition to the Bond or MIG ratings, designated VMIG may also be assigned to an issue having a demand feature. The assignment of the VMIG symbol reflects such characteristics as payment upon periodic

demand rather than fixed maturity dates and payment relying on external liquidity. The VMIG rating criteria are identical to the MIG criteria discussed above.

COMMERCIAL PAPER RATINGS

Moody's Commercial Paper ratings are opinions of the ability to repay punctually promissory obligations not having an original maturity in excess of nine months. These ratings apply to Municipal Commercial Paper as well as taxable Commercial Paper. Moody's employs the following three designations, all judged to be investment grade, to indicate the relative repayment capacity of rated issuers: Prime-1, Prime-2, Prime-3.

Issuers rated Prime-1 have a superior capacity for repayment of short-term promissory obligations. Issuers rated Prime-2 have a strong capacity for repayment of short-term promissory obligations; and Issuers rated Prime-3 have an acceptable capacity for repayment of short-term promissory obligations. Issuers rated Not Prime do not fall within any of the Prime rating categories.

STANDARD & POOR'S CORPORATION ("STANDARD & POOR'S" OR "S&P")

MUNICIPAL BOND RATINGS

A Standard & Poor's municipal bond rating is a current assessment of the creditworthiness of an obligor with respect to a specific obligation. This assessment may take into consideration obligors such as guarantors, insurers, or lessees.

A-2

The ratings are based on current information furnished by the issuer or obtained by Standard & Poor's from other sources it considers reliable. The ratings are based, in varying degrees, on the following considerations: (1) likelihood of default-capacity and willingness of the obligor as to the timely payment of interest and repayment of principal in accordance with the terms of the obligation; (2) nature of and provisions of the obligation; and (3) protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Standard & Poor's does not perform an audit in connection with any rating and may, on occasion, rely on unaudited financial information. The ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, such information, or for other reasons.

AAA Debt rated "AAA" has the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.

AA Debt rated "AA" has a very strong capacity to pay interest and repay principal and differs from the highest-rated issues only in small degree.

A Debt rated "A" has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher-rated categories.

BBB Debt rated "BBB" is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than for debt in higher-rated categories.

Bonds rated AAA, AA, A and BBB are considered investment grade bonds.

BB Debt rated "BB" has less near-term vulnerability to default than other speculative grade debt. However, it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to inadequate capacity to meet timely interest and principal payment.

B Debt rated "B" has a greater vulnerability to default but presently has the capacity to meet interest payments and principal repayments. Adverse business, financial or economic conditions would likely impair capacity or willingness to pay interest and repay principal.

CCC Debt rated "CCC" has a current identifiable vulnerability to default, and is dependent upon favorable business, financial and economic conditions to meet timely payments of interest and repayments of principal. In the event of adverse business, financial or economic conditions, it is not likely to have the capacity to pay interest and repay principal.

CC The rating "CC" is typically applied to debt subordinated to senior debt which is assigned an actual or implied "CCC" rating.

C The rating "C" is typically applied to debt subordinated to senior debt which is assigned an actual or implied "CCC--" debt rating.

CI The rating "CI" is reserved for income bonds on which no interest is being paid.

NR Indicates that no rating has been requested, that there is insufficient information on which to base a rating or that Standard & Poor's does not rate a particular type of obligation as a matter of policy.

A-3

Bonds rated "BB," "B," "CCC," "CC" and "C" are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal. "BB" indicates the least degree of speculation and "C" the highest degree of speculation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

Plus (+) or minus (\): The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major ratings categories.

The foregoing ratings are sometimes followed by a "p" which indicates that the rating is provisional. A provisional rating assumes the successful completion of the project being financed by bonds being rated and indicates that payment of debt service requirements is largely or entirely dependent upon the successful and timely completion of the project. This rating, however, while addressing credit quality subsequent to completion of the project, makes no comment on the likelihood or risk of default upon failure of such completion.

MUNICIPAL NOTE RATINGS

Commencing on July 27, 1984, Standard & Poor's instituted a new rating category with respect to certain municipal note issues with a maturity of less than three years. The new note ratings denote the following:

SP-1 denotes a very strong or strong capacity to pay principal and interest. Issues determined to possess overwhelming safety characteristics are given a plus (+) designation (SP-1+).

SP-2 denotes a satisfactory capacity to pay principal and interest.

SP-3 denotes a speculative capacity to pay principal and interest.

COMMERCIAL PAPER RATINGS

Standard and Poor's commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 365 days. The commercial paper rating is not a recommendation to purchase or sell a security. The ratings are based upon current information furnished by the issuer or obtained by S&P from other sources it considers reliable. The ratings may be changed, suspended, or withdrawn as a result of changes in or unavailability of such information. Ratings are graded into group categories, ranging from "A" for the highest quality obligations to "D" for the lowest. Ratings are applicable to both taxable and tax-exempt commercial paper. The categories are as follows:

Issues assigned A ratings are regarded as having the greatest capacity for timely payment. Issues in this category are further refined with the designation 1, 2 and 3 to indicate the relative degree of safety.

A-1 indicates that the degree of safety regarding timely payment is very strong.

A-2 indicates capacity for timely payment on issues with this designation is strong. However, the relative degree of safety is not as overwhelming as for issues designated "A-1."

A-3 indicates a satisfactory capacity for timely payment. Obligations carrying this designation are, however, somewhat more vulnerable to the adverse effects of changes in circumstances than obligations carrying the higher designations.

A-4

APPENDIX B

Interest Rate Futures Contracts. The Trust may 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. As a futures contract purchaser, the Trust incurs an obligation to take delivery of a specified amount of the obligation underlying the contract at a specified time in the future for a specified price. As a seller of a futures contract, the Trust incurs an obligation to deliver the specified amount of the underlying obligation at a specified time in return for an agreed upon price.

The Trust will purchase or sell futures contracts only for the purpose of hedging its portfolio (or anticipated portfolio) securities against changes in prevailing interest rates. If the Investment Manager anticipates that interest rates may rise, the Trust may sell a futures contract to protect against the potential decline in the value of the securities held by the Trust. However, it is possible that the futures market may advance and the value of securities held in the Trust's portfolio may decline. If this were to occur, the Trust 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 value of a diversified portfolio will tend to move in the same direction as the futures contracts. If declining interest rates are anticipated, the Trust may purchase a futures contract to protect against a potential increase in the price of securities the Trust intends to purchase. If the Trust purchases a futures contract to hedge against the increase in value of securities it intends to buy, and the value of such securities decreases, then the Trust 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.

Although most interest rate futures contracts call for actual delivery or acceptance of debt 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 debt 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 debt 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 Trust will be able to enter into a closing transaction.

When the Trust 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, U.S. Government securities or other high-grade short-term debt obligations equal to approximately 2% 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.

B-1

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 broker's client but is, rather, a good faith deposit on the futures contract which will be returned to the Trust upon the proper termination of the futures contract. The margin deposits made are marked-to-market daily and the Trust may be required to make subsequent deposits into the segregated account, maintained at its Custodian for that purpose, of cash, U.S. Government securities or other high-grade short-term debt obligations called "variation margin," in the name of the broker, which are reflective of price fluctuations in the futures contract.

Options on Interest Rate Futures. The Trust may purchase and write call and put options on futures contracts which are traded on an Exchange or Board of Trade and enter into closing transactions with respect to such options to terminate an existing position. (Put and call options on financial futures have similar characteristics as Exchange-traded options on debt securities. For a further description of such options, see the "Options" section below.) Premiums received from the writing of an option are included in initial margin deposits. An option on a futures contract gives the purchaser the right, and the writer the obligation, in return for the premium paid, 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. If the holder decides not to enter into the contract, the premium paid for the contract is lost. Since the value of the option is fixed at the point of sale, there are no daily payments of cash to reflect the change in the value of the underlying contract, as discussed for futures contracts. The value of the option changes and is reflected in the net asset value of the Trust.

Limitations on Futures and Options Thereon. The Trust is required to maintain margin deposits with brokerage firms through which it effects futures contracts and options thereon. The initial margin requirements vary according to the type of the underlying security. In addition, due to current industry practice, daily variations in gains and losses on open contracts are required to be reflected in cash in the form of variation margin payments. The Trust may be required to make additional margin payments during the term of the contract. Premiums received from the writing of an option on a futures contract are included in initial margin deposits.

The Trust may not purchase and sell futures contracts or purchase related options thereon if, immediately thereafter, the amount committed to initial margin plus the amount paid for premiums for unexpired options on futures contracts for other than bona fide hedging purposes exceeds 5% of the value of the Trust's total assets.

The Trust will only purchase and write options on futures contracts to hedge a position or anticipated position in Municipal Obligations or to close out a long or short position in futures contracts. If, for example, the Investment Manager wished to protect against an increase in interest rates and the resulting negative impact on the value of a portion of its portfolio, it might write a call option on a futures contract, the underlying security of which correlates with the portion of the portfolio the Investment Manager seeks to hedge. Any premiums received in the writing of options on futures contracts may, of course, augment the income of the Trust and thereby provide a further hedge against losses resulting from price declines in portions of the Trust's portfolio.

B-2

In instances involving the purchase of futures contracts by the Trust, an amount of cash, Treasury bills or other high grade short-term debt obligations equal to the market value of the futures contract will be deposited in a segregated account with its custodian to collateralize the position and thereby ensure that the use of such futures contract is unleveraged. There is no overall limitation on the percentage of the Trust's portfolio securities which may be subject to a hedge position. In addition, the Trust will cover all purchases of futures contracts and options thereon by maintaining a segregated account with its custodian consisting of cash, Treasury bills or other high grade short-term debt obligations in an amount equal to the value of the futures or option position less than the amount of initial or variation margin for the contracts.

Options. The Trust may purchase or sell (write) options on debt securities as a means of achieving additional return or hedging the Trust's portfolio securities. The Trust will only write covered call or covered put options, and will only purchase options, which are listed on national securities exchanges. Listed options are issued by the Options Clearing Corporation ("OCC"). Ownership of a listed call option gives the Trust the right to buy from the OCC the underlying security covered by the option at the stated exercise price (the price per unit of the underlying security) by filing an exercise notice prior to the expiration date of the option. The writer (seller) of the option would then have the obligation to sell to the OCC the underlying security at that exercise price prior to the expiration date of the option, regardless of its then current market price. Ownership of a listed put option would give the Trust the right to sell the underlying security to the OCC at the stated exercise price. Upon notice of exercise of the put option, the writer of the put would have the obligation to purchase the underlying security from the OCC at the exercise price.

Covered Call Writing. The Trust may write covered call options on debt securities only, in order to achieve additional return. As a writer of a call option, the Trust has the obligation, upon notice of exercise of the option, to deliver the security underlying the option prior to the expiration date of the option. Generally, a call option is "covered" if the Trust owns, or has the right to acquire, without additional cash consideration (or for additional cash consideration held for the Trust by its Custodian in a segregated account) the underlying security subject to the option. A call option is also covered if the Trust holds a call on the same security as the underlying security of the

written option, where the exercise price of the call used for coverage is equal to or less than the exercise price of the call written or greater than the exercise price of the call written if the mark-to-market difference is maintained by the Trust in cash, U.S. Government securities or other high-grade short-term debt obligations which the Trust may hold in its portfolio in a segregated account maintained with the Trust's custodian.

The Trust will receive from the purchaser, in return for a call it has written, a "premium"; i.e., the price of the option. Furthermore, the income received from the premium will offset a portion of any potential loss incurred by the Trust if the securities underlying the option are ultimately sold by the Trust at a loss. The income received from premiums will fluctuate with varying economic market conditions. If the market value of the securities upon which call options have been written increases, the Trust may receive less total return from the portion of its portfolio upon which calls have been written than it would have had such calls not been written.

As regards listed options, during the option period the Trust may be required, at any time, to deliver the underlying security against payment of the exercise price on any calls it has written. This obligation is terminated upon the expiration of the option period or at such earlier time when the writer effects a closing purchase transaction. A closing purchase transaction is accomplished by purchasing an option of the same series as the option previously written. However, once the Trust has been assigned an exercise notice, the Trust will be unable to effect a closing purchase transaction.

B-3

Closing purchase transactions are ordinarily effected to realize a profit on an outstanding call option, to prevent an underlying security from being called, to permit the sale of an underlying security or to enable the Trust to write another call option on the underlying security with either a different exercise price or expiration date or both. Also, effecting a closing purchase transaction will permit the cash or proceeds from the concurrent sale of any securities subject to the option to be used for other investments by the Trust. The Trust may realize a net gain or loss from a closing purchase transaction depending upon whether the amount of the premium received on the call option is more or less than the cost of effecting the closing purchase transaction. Any loss incurred in a closing purchase transaction may be wholly or partially offset by unrealized appreciation in the market value of the underlying security. Conversely, a gain resulting from a closing purchase transaction could be offset in whole or in part or exceeded by a decline in the market value of the underlying security.

If a call option expires unexercised, the Trust realizes a gain in the amount of the premium on the option less the commission paid. Such a gain, however, may be offset by depreciation in the market value of the underlying security during the option period. If a call option is exercised, the Trust realizes a gain or loss from the sale of the underlying security equal to the difference between the purchase price of the underlying security and the proceeds of the sale of the security plus the premium received on the option less the commission paid.

Options written by the Trust will normally have expiration dates of up to nine months from the date written. The exercise price of a call option may be below, equal to or above the current market value of the underlying security at the time the option is written.

Covered Put Writing. As a writer of covered put options, the Trust incurs an obligation to buy the security underlying the option from the purchaser of the put, at the option's exercise price at any time during the option period, at the purchaser's election. A put is "covered" if, at all times, the Trust maintains, in a segregated account maintained on its behalf at the Trust's Custodian, cash, U.S. Government securities or other high-grade short-term debt obligations, in an amount equal to at least the exercise price of the option, at all times during the option period. In writing puts, the Trust assumes the risk of loss should the market value of the underlying security decline below the exercise price of the option. During the option period, the Trust may be required, at any time, to make payment of the exercise price against delivery of the underlying security. The operation of and limitations on covered put options in other respects are substantially identical to those of call options.

The Trust will write put options for two purposes: (1) to receive the income derived from the premiums paid by purchasers; and (2) when the Investment Manager wishes to purchase the security underlying the option at a price lower than its current market price, in which case it will write the covered put at an exercise price reflecting the lower purchase price sought. The potential gain on a covered put option is limited to the premium received on the option (less the commissions paid on the transaction) while the potential loss equals the difference between the exercise price of the option and the current market price of the underlying securities when the put is

exercised, offset by the premium received (less the commissions paid on the transaction).

Purchasing Call and Put Options. The Trust may purchase listed call and put options on debt securities. The Trust may purchase call options only in order to close out a covered call position (see "Covered Call Writing" above).

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The Trust 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 Trust would incur no additional loss. The Trust may also purchase put options to close out written put positions in a manner similar to call options closing purchase transactions. In addition, the Trust 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 Trust expired without being sold or exercised, the premium would be lost.

Risks of Options and Futures Transactions. During the option period, the covered call writer has, in return for the premium on the option, given up the opportunity for capital appreciation above the exercise price should the market price of the underlying security increase, but has retained the risk of loss should the price of the underlying security decline. The secured put writer also retains the risk of loss should the market value of the underlying security decline below the exercise price of the option. In both cases, the writer has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer had received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying securities at the exercise price.

Prior to exercise or expiration, an option position can only be terminated by entering into a closing purchase or sale transaction. If a covered call option writer is unable to effect a closing purchase transaction, it cannot sell the underlying security until the option expires or the option is exercised. Accordingly, a covered call option writer may not be able to sell an underlying security at a time when it might otherwise be advantageous to do so. A secured put option writer who is unable to effect a closing purchase transaction would continue to bear the risk of decline in the market price of the underlying security until the option expires or is exercised. In addition, a secured put writer would be unable to utilize the amount held in cash, U.S. Government securities or other high-grade short-term debt obligations as security for the put option for other investment purposes until the exercise or expiration of the option.

The Trust may close out its position as writer of an option only if a liquid secondary market exists on options exchanges for options of that series. There is no assurance that such a market will exist. However, the Trust may be able to purchase an offsetting option which does not close out its position as a writer but constitutes an asset of equal value to the obligation under the option written. If the Trust is not able to either enter into a closing purchase transaction or purchase an offsetting position, it will be required to maintain the securities subject to the call, or the collateral underlying the put, even though it might not be advantageous to do so, until a closing transaction can be entered into (or the option is exercised or expires). Among the possible reasons for the absence of a liquid secondary market on an exchange are: (i) insufficient trading interest in certain options; (ii) restrictions on transactions imposed by an exchange; (iii) trading halts, suspensions or other restrictions imposed with respect to particular classes or series of options or underlying securities; (iv) interruption of the normal operations on an exchange; (v) inadequacy of the facilities of an exchange or the OCC to handle current trading volume; or (vi) a decision by one or more exchanges to discontinue the trading of options (or a particular class or series of options), in which event the secondary market on that exchange (or in that class or series of

B-5

options) would cease to exist, although outstanding options on that exchange that had been issued by the OCC as a result of trades on that exchange would generally continue to be exercisable in accordance with their terms.

There is similarly no assurance that a liquid secondary market will

exist for futures contracts and related options in which the Trust 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 Trust would continue to be required to make daily cash payments of variation margin. In addition, limitations imposed by an exchange on which futures contracts are traded may compel or prevent the Trust from closing out a contract which may result in reduced gain or increased loss to the Trust. The absence of a liquid market in futures contracts might cause the Trust to make or take delivery of the underlying securities at a time when it may be disadvantageous to do so.

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 movements have ceased. In the event of adverse price movements, the Trust would continue to be required to make daily cash payments of variation margin on open futures positions. In such situations, if the Trust 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 Trust may be required to make or take delivery of the instruments underlying interest rate futures contracts it holds at a time when it is disadvantageous to do so. The inability to close options and futures positions could also have an adverse impact on the Trust's ability to effectively hedge its portfolio.

In the event of the bankruptcy of a broker through which the Trust engages in transactions in options, futures or options thereon, the Trust 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 Trust only with brokers or financial institutions deemed creditworthy by the Investment Manager.

Each of the exchanges has established limitations governing the maximum number of call or put options on the same underlying security or futures contract (whether or not covered) which may be written by a single investor, whether acting alone or in concert with others (regardless of whether such options are written on the same or different exchanges or are held or written on one or more accounts or through one or more brokers). An exchange may order the liquidation of positions found to be in violation of these limits and it may impose other sanctions or restrictions. These position limits may restrict the number of listed options which the Trust may write.

While the futures contracts and options transactions to be engaged in by the Trust for the purpose of hedging the Trust'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 Trust's portfolio securities. The risk of imperfect correlation may be increased by the fact that the Trust will invest in futures contracts on taxable securities and there is no guarantee that the prices of taxable securities will move in a similar manner to the prices of tax-exempt 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 Trust seeks a hedge. A correlation may be distorted by the fact that the futures market

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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. 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 distortions. Due to the possibility of price distortions in the futures market and because of the imperfect correlation between movements in the prices of debt 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. However, such distortions are generally minor and would diminish as the contract approaches maturity.

Another risk is that the Investment Manager 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 Trust 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 Trust would lose money on the sale.

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 Trust because the maximum amount at risk is the premium paid for the options (plus transaction costs). However, there may be circumstances when a purchase of a call or put option on a futures contract would result in a loss to the Trust when the purchase or sale of a futures contract would not result in a loss, such as when there is no movement in the prices of the underlying securities. The writing of a put or call option on a futures contract involves risks similar to those relating to transactions in futures contracts as described above.

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APPENDIX C

RISKS OF CERTAIN MUNICIPAL OBLIGATIONS

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The following is a summary of the risks associated with certain Municipal Obligations in which the Trust reserves the right to invest more than 25% of its total assets:

Health Facility Obligations. Some of the Municipal Obligations in which the Trust may invest are obligations of issuers whose revenues are derived from services provided by hospitals or other health care facilities, including nursing homes. Ratings of bonds issued for health care facilities are often based on feasibility studies that contain projections of occupancy levels, revenues and expenses. A facility's gross receipts and net income available for debt service may be affected by future events and conditions including, among other things, demand for services, the ability of the facility to provide the services required, physicians' confidence in the facility, management capabilities, economic developments in the service area, competition from other similar providers, efforts by insurers and governmental agencies to limit rates, legislation establishing state rate-setting agencies, expenses, government regulation, the cost and possible unavailability of malpractice insurance, and the termination or restriction of governmental financial assistance, including that associated with Medicare, Medicaid and other similar third party payor programs. Medicare reimbursements are currently calculated on a prospective basis utilizing a single nationwide schedule of rates and are not based on a provider's actual costs. Such method of reimbursement may adversely affect reimbursements to hospitals and other facilities for services provided under the Medicare program and thereby may have an adverse effect on the ability of such institutions to satisfy debt service requirements.

Certain health care facility bonds provide for redemption at par at any time upon the sale by the issuer of the health care facilities to a non-affiliated entity or in other special circumstances. In the event of a default upon a bond secured by health care facilities, the limited alternative uses for such facilities may result in the recovery upon such collateral not providing sufficient funds to fully repay the bonds.

Housing Obligations. Some of the Municipal Obligations in which the Trust may invest are obligations of issuers whose revenues are primarily derived from mortgage loans to housing projects for low to moderate income families. Such issues are generally characterized by mandatory redemption at par or accreted value in the event of economic defaults and in the event of a failure of the operator of a project to comply with certain covenants as to the operation of the project. The ability of such issuers to make debt service payments will be affected by events and conditions affecting financed projects, including, among other things, the achievement and maintenance of sufficient occupancy levels and adequate rental income, employment and income conditions prevailing in local labor markets, increases in taxes, utility costs and other operating expenses, the managerial ability of project managers, changes in laws and governmental regulations, the appropriation of subsidies and social and economic trends affecting the localities in which the projects are located. Occupancy of such housing projects may be adversely affected by high rent levels and income limitations imposed under federal and state programs.

Single Family Mortgage Revenue Bonds. Some of the Municipal Obligations in which the Trust may invest are single family mortgage revenue bonds, which are issued for the purpose of making mortgages on or acquiring from originating financial institutions notes secured by mortgages on residences located within the issuer's boundaries and owned by persons of low or moderate income. Mortgage loans are generally partially or completely prepaid prior to their final maturities as a result of events such

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as sale of the mortgaged premises, default, condemnation or casualty loss. Because these bonds are subject to extraordinary mandatory redemption in whole or in part from such prepayments of mortgage loans, a substantial portion of such bonds will probably be redeemed prior to their scheduled maturities or even prior to their ordinary call dates. Extraordinary mandatory redemption without premium could also result from the failure of the issuer or the originating financial institutions to make mortgage loans in sufficient amounts within a specified time period. The redemption price of such issues may be more or less than the offering price of such bonds. Additionally, unusually high rates of default on the underlying mortgage loans may reduce revenues available for the payment of principal of or interest on such mortgage revenue bonds.

Industrial Revenue Obligations. Some of the Municipal Obligations in which the Trust may invest are industrial revenue bonds ("IRBs"), which are tax-exempt securities issued by states, municipalities, public authorities or similar entities to finance the cost of acquiring, constructing or improving various industrial projects. These projects are usually operated by corporate entities. Issuers are obligated only to pay amounts due on the IRBs to the extent that funds are available from the unexpended proceeds of the IRBs or receipts or revenues of the issuer under an arrangement between the issuer and the corporate operator of a project. The arrangement may be in the form of a lease, installment sale agreement, conditional sale agreement or loan agreement, but in each case the payments to the issuer are designed to be sufficient to meet the payments of amounts due on the IRBs. Regardless of the structure, payment of IRBs is solely dependent upon the creditworthiness of the corporate operator of the project and, if applicable, corporate guarantor. Corporate operators or guarantors may be affected by many factors which may have an adverse impact on the credit quality of the particular company or industry. These include cyclicalities of revenues and earnings, regulatory and environmental restrictions, litigation resulting from accidents or environmentally-caused illnesses, technological developments, extensive competition and financial deterioration resulting from leveraged buy-outs or takeovers. The IRBs may be subject to special or extraordinary redemption provisions which may provide for redemption at par or accreted value, plus, if applicable, a premium. The Trust cannot predict the causes or likelihood of the redemption of IRBs prior to the stated maturity of such bonds.

Electric Utility Obligations. Some of the Municipal Obligations in which the Trust may invest are obligations of issuers whose revenues are primarily derived from the sale of electric energy. The problems faced by such issuers include the difficulty in obtaining approval for timely and adequate rate increases from the applicable public utility commissions, the difficulty of financing large construction programs, increased competition, reductions in estimates of future demand for electricity in certain areas of the country, the limitations on operations and increased costs and delays attributable to environmental considerations, the difficulty of the capital market in absorbing utility debt, the difficulty in obtaining fuel at reasonable prices and the effect of energy conservation. All of such issuers have been experiencing certain of these problems in varying degrees. In addition, federal, state and municipal governmental authorities may from time to time review existing, and impose additional, regulations governing the licensing, construction and operation of nuclear power plants, which may adversely affect the ability of the issuers of certain of the Municipal Obligations to make payments of principal and/or interest on such bonds.

Airport Facility Revenue Bonds. Some of the Municipal Obligations in which the Trust may invest are obligations of issuers which are payable from and secured by revenues derived from the ownership and operation of airports. The major portion of an airport's gross operating income is generally derived from fees received from signatory airlines pursuant to use agreements which consist of annual payments for airport use, occupancy of certain terminal space, service fees and leases. Airport operating income

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may therefore be affected by the ability of the airlines to meet their obligations under the use agreements. The air transport industry is experiencing significant variations in earnings and traffic due to increased competition, excess capacity, increased costs, deregulation, traffic constraints and other factors, and several airlines are experiencing severe financial difficulties. In particular, facilities with use agreements involving airlines experiencing financial difficulty may experience a reduction in revenue due to the possible inability of these airlines to meet their use agreement obligations because of such financial difficulties and possible bankruptcy. The Trust cannot predict what effect these industry conditions may have on airport revenues which are dependent for payment on the financial condition of the airlines and their usage of the particular airport facility.

Water and/or Sewerage Obligations. Some of the Municipal Obligations in which the Trust may invest are obligations of issuers whose revenues are derived from the sale of water and/or sewerage services. Such bonds are generally payable from user fees. The problems of such issuers include the ability to obtain timely and adequate rate increases, population decline resulting in decreased user fees, the difficulty of financing large construction programs, the limitations on operations and increased costs and delays attributable to environmental considerations, the increasing difficulty of obtaining or discovering new supplies of fresh water, the effect of conservation programs and the impact of "no-growth" zoning ordinances. All of such issuers have been experiencing certain of these problems in varying degrees.

University and College Revenue Obligations. Some of the Municipal Obligations in which the Trust may invest are obligations of issuers which are, or which govern the operation of, colleges and universities and whose revenues are derived mainly from tuition, dormitory revenues, grants and endowments. General problems of such issuers include the prospect of a declining percentage of the population consisting of "college" age individuals, possible inability to raise tuitions and fees sufficiently to cover increased operating costs, the uncertainty of continued receipt of federal grants and state funding, and government legislation or regulations which may adversely affect the revenues or costs of such issuers. All of such issuers have been experiencing certain of these problems in varying degrees.

Bridge Authority and Tollroad Obligations. Some of the Municipal Obligations in which the Trust may invest are obligations of issuers which derive their payments from bridge, road or tunnel toll revenues. The problems faced by such issuers include competition from toll-free vehicular facilities, a reduction in the availability of fuel to motorists or significant increases in the costs thereof, increased costs and delays attributable to environmental considerations and the difficulty in obtaining approval for timely and adequate toll increases.

Resource Recovery Obligations. Some of the Municipal Obligations in which the Trust may invest are obligations of issuers whose revenues are primarily derived from the disposal of solid waste products and the sale of energy generated by such disposal. Resource recovery plants in the United States have experienced several well-publicized failures, in response to which municipal entities wanting to solve their disposal problem by resource recovery have been unwilling to accept the technological risk, turning instead to equipment vendors to provide guarantees to cover that risk. The municipal revenue streams pledged under these obligations can vary considerably, and may involve a mixture of special taxes, user fees, and the municipal entity's credit. A general fund pledge can be equal to or less than a full faith and credit pledge. Economics and financial feasibility of any project depend on a number of factors, including whether (1) project cost estimates are commensurate with industry averages, (2) solid waste to obtain full operating capacity is available, given population growth and historical waste generation trends, (3) alternative disposal facilities will not pose any competitive threat to waste flow, (4) the price at which energy produced by such facilities may be sold is consistent with market assumptions, (5) facility and landfill options have a useful life corresponding to the life of the bonds, and (6) management is capable of construction, start-up, and plant operation. Changes in governmental regulations could affect the continued operation of the resource recovery facilities.

APPENDIX D

INSURANCE CLAIMS-PAYING ABILITY RATINGS

The insurance companies issuing policies insuring the Municipal Obligations held in the Trust's portfolio will have insurance claims-paying ability ratings of "AAA" from Standard & Poor's Corporation ("S&P") and "Aaa" from Moody's Investors Service, Inc. ("Moody's").

An S&P insurance claims-paying ability rating is an assessment of an operating insurance company's financial capacity to meet obligations under an insurance policy in accordance with the terms. An insurer with an insurance claims-paying ability rating of "AAA" has the highest rating assigned by S&P. Capacity to honor insurance contracts is adjudged by S&P to be extremely strong and highly likely to remain so over a long period of time. A Moody's insurance claims-paying ability rating is an opinion of the ability of an insurance company to repay punctually senior policyholder obligations and claims. An insurer with an insurance claims-paying ability rating of "Aaa" is judged by Moody's to be of the best quality. In the opinion of Moody's, the policy obligations of an insurance company with an insurance claims-paying ability rating of "Aaa" carry the smallest degree of credit risk and, while the financial strength of these companies is likely to change, such changes as can

be visualized are most unlikely to impair the company's fundamentally strong position.

An insurance claims-paying ability rating by S&P or Moody's does not constitute an opinion on any specific contract in that such an opinion can only be rendered upon the review of the specific insurance contract. Furthermore, an insurance claims-paying ability rating does not take into account deductibles, surrender or cancellation penalties or the timeliness of payment; nor does it address the ability of a company to meet nonpolicy obligations (i.e., debt contracts).

The assignment of ratings by S&P or Moody's to debt issues that are fully or partially supported by insurance policies, contracts, or guarantees is a separate process from the determination of claims-paying ability ratings. The likelihood of a timely flow of funds from the insurer to the trustee for the bondholders is a key element in the rating determination for such debt issues.

Moody's and S&P's ratings are not recommendations to buy, sell or hold the Municipal Obligations insured by policies issued by insurers and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of either or both ratings may have an adverse effect on the market price of the Municipal Obligations insured by policies issued by insurers.

The Moody's claims-paying ability rating of an insurer should be evaluated independently of S&P's rating. Any further explanation as to the significance of the ratings may be obtained only from the applicable rating agency.

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<TABLE>

APPENDIX E

TAXABLE EQUIVALENT YIELDS FOR 1994

<CAPTION>

TAXABLE INCOME*		1994 FEDERAL TAX BRACKET**		A TAX-FREE YIELD OF	
SINGLE RETURN	JOINT RETURN		5.00%	5.50%	6.00%
		IS EQUAL TO A TAXABLE YIELD OF			
<S>	<C>	<C>	<C>	<C>	<C>
\$22,751 - \$55,100	\$38,001 - \$91,850	28.00%	6.94%	7.64%	8.33%
\$55,101 - \$115,000	\$91,851 - \$140,000	31.00%	7.25%	7.97%	8.70%
\$115,001 - \$250,000	\$140,001 - \$250,000	36.00%	7.81%	8.59%	9.38%
Over \$250,000	Over \$250,000	39.60%	8.28%	9.11%	9.93%

<FN>

* The above table is based on the federal taxable income brackets, which are adjusted annually for inflation.

** The taxable yields shown above assume that an investor pays regular Federal tax rather than the alternative minimum tax. The reduction, or possible elimination, of the personal exemption deductions for high-income taxpayers and the overall limit on itemized deductions may cause an investor's actual marginal rate to exceed the rate used in the above table for a particular range of taxable income. Additionally, income may be subject to state and local taxes. The tax rates shown above do not apply to corporate taxpayers. The tax characteristics of the Trust are described more fully elsewhere in this Prospectus. Consult your tax adviser for further details. This chart is for illustrative purposes only and cannot be taken as an indication of anticipated Trust performance.

</TABLE>

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APPENDIX F

COMPARISON OF COMPOUNDED YIELDS

5.375% 6.89%

END OF YEAR	TAX-EXEMPT INVESTMENT	TAXABLE INVESTMENT
0	\$10,000	\$10,000
1	10,538	10,441
2	11,104	10,901
3	11,701	11,382
4	12,330	11,884
5	12,992	12,408
6	13,691	12,955
7	14,427	13,526
8	15,202	14,123
9	16,019	14,746
10	16,880	15,396
11	17,787	16,075
12	18,744	16,784
13	19,751	17,524
14	20,813	18,296
15	21,931	19,103
16	23,110	19,946
17	24,352	20,825
18	25,661	21,743
19	27,040	22,702
20	28,494	23,703

ASSUMPTIONS

Yield and Reinvestment Rate on Tax-Exempt Investment..... 5.375%
Yield and Reinvestment Rate on Taxable Investment..... 6.890%
The 6.89% Taxable Investment column reflects a reduction for federal income taxes at the 36% federal tax bracket. An investor's tax rate may differ from the 36% rate assumption depending on the amount of the investor's income and the reduction, or possible elimination, of the personal exemption deduction for high-income taxpayers and an overall limit on itemized deductions. Additionally, income may be subject to certain state and local taxes and the federal alternative minimum tax. The tax characteristics of the Trust are described more fully elsewhere in this Prospectus. Consult your tax adviser for further details.
The above table does not apply to corporate investors.

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INTERCAPITAL INSURED MUNICIPAL
SECURITIES

7,000,000 COMMON SHARES OF
BENEFICIAL INTEREST

PROSPECTUS

DEAN WITTER DISTRIBUTORS INC.

FEBRUARY , 1994

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INTERCAPITAL INSURED MUNICIPAL SECURITIES

PART C OTHER INFORMATION

Item 24. Financial Statements and Exhibits

- (a) Financial Statements
 - i. Report of Independent Accountant (contained in Prospectus)
 - ii. Statement on Assets and Liabilities as of February , 1994

(b) Exhibits:

Exhibit Number	Description
1. (a) --	Declaration of Trust of Registrant*
2. --	By-Laws of Registrant*
3. --	None
4. --	Not Applicable
5. --	Copy of Trust's Dividend Reinvestment Plan
6. --	Not Applicable
7. --	Form of Investment Management Agreement between Registrant and Dean Witter InterCapital Inc.
8. (a) --	Form of Master Agreement Among Underwriters*
(b) --	Form of Underwriting Agreement
(c) --	Form of Selected Dealers Agreement*
9. --	Not Applicable
10. (a) --	Form of Custodian Agreement
(b) --	Form of Amended and Restated Transfer Agency Agreement
(c) --	Form of Services Agreement between Dean Witter InterCapital Inc. and Dean Witter Services Company Inc.
11. --	Not Applicable

Exhibit Number	Description
12. --	Opinion of Sheldon Curtis, Esq.**
13. --	Not Applicable
14. --	Consent of Price Waterhouse**
15. --	None
16. --	Investment Letter of Dean Witter InterCapital Inc.**

Other -- Powers of Attorney
* Previously filed by Registrant with its initial Registration Statement dated October 19, 1993.

** To be filed by Amendment.

Item 25. Marketing Arrangements.

Reference is made to the Underwriting Agreement to be filed by Amendment as Exhibit 8(b) to this Registration Statement.

Item 26. Other Expenses of Issuance and Distribution.

Securities and Exchange Commission Registration Fee	\$ 37,734.00
New York Stock Exchange listed fee	\$
NASD registration fee	\$ 12,575.00
Blue Sky Fees and Expenses (including fees of counsel)	\$
Transfer Agent Fee	\$
Accounting fees and expenses	\$
Legal fees and expenses	\$
Printing and engraving	\$
Miscellaneous	\$
	\$

Item 27. Persons Controlled by or Under Common Control With Registrant.

Prior to the effectiveness of this Registration Statement, the Registrant will sell 7,113 of its shares of beneficial interest to Dean Witter InterCapital Inc., a Delaware corporation. Dean Witter InterCapital Inc. is a wholly-owned subsidiary of Dean Witter, Discover & Co. ("DWDC"), a Delaware corporation, that is a balanced financial services organization providing a broad range of nationally marketed credit and investment products.

Item 28. Number of Holders of Securities.

(1)	(2)
Title of Class	Number of Record Holders at February , 1994
Shares of Beneficial Interest	1

Item 29. 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 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.

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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 30. Business and Other Connections of Investment Adviser.

See "The Fund and Its Management" in the Prospectus 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 Inter Capital is included in Item 29(b) below. The term "Dean Witter Funds" used below refers to the Registrant and the following other 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

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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 California Quality Municipal Securities and (22) InterCapital New York Quality 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 U.S. Government Money Market Trust, (21) Dean Witter American Value Fund, (22) Dean Witter Strategist Fund, (23) Dean Witter Utilities Fund, (24) Dean Witter Value-Added Market Series, (25) Dean Witter World Wide Income Trust, (26) Dean Witter New York Municipal Money Market Trust, (27) Dean Witter Capital Growth Securities, (28) Dean Witter Precious Metals and Minerals Trust, (29) Dean Witter European Growth Fund Inc., (30) Dean Witter Global Short-Term Income Fund Inc., (31) Dean Witter Pacific Growth Fund Inc., (32) Dean Witter Multi-State Municipal Series Trust, (33) Dean Witter Premier Income Trust, (34) Dean Witter Short-Term U.S. Treasury Trust, (35) Dean Witter Diversified Income Trust, (36) Dean Witter Health Sciences Trust, (37) Dean Witter Global Dividend Growth Securities, (38) Active Assets Tax-Free Trust, (39) Active Assets Money Trust, (40) Active Assets Government Securities Trust, (41) Active Assets California Tax-Free Income Trust, (42) Dean Witter Natural Resource Development Securities Inc., (43) Dean Witter Variable Investment Series, (44) Dean Witter Limited Term Municipal Trust and (45) 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 and (6) TCW/DW Balanced Fund, registered open-end investment companies, and (7) TCW/DW Term Trust 2000, (8) TCW/DW Term Trust 2002 and (9) TCW/DW Term Trust 2003, registered closed-end investment companies.

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Name	Position with Dean Witter InterCapital Inc.	Vocation or Employment, including Name, Principal Address and Nature of Connection
Charles A. Fiumefreddo	Chairman, Chief Executive Officer	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.
Philip J. Purcell	Director	Chairman, Chief Executive Officer and Director of DWDC and DWR; Director of Distributors and DWSC.
Richard M. DeMartini	Director	President and Chief Operating Officer of Dean Witter Capital and Director of DWDC, DWR and Distributors.

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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
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	Director of DWDC and DWR; Executive Vice President, Chief Financial Officer and Director of Distributors and DWSC.
Christine A. Edwards	Director	Director of DWR; Executive Vice President, Secretary and General Counsel of DWR and DWDC; Executive Vice President, Secretary and Chief Legal Officer of Distributors.
Robert M. Scanlan	President and Chief Operating	Vice President of the Dean Witter Funds

Officer	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 and Chief Administrative Officer of DWSC; Executive Vice President, Chief Administrative Officer and Director of DWTC; Executive Vice President and Chief Administrative Officer of 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.

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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
Mark Bavoso	Senior Vice President	
Thomas H. Connelly	Senior Vice President	Vice President of various Dean Witter Funds.
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.

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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
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.
Barry Fink	First Vice President and Assistant Secretary	Assistant Secretary of the Dean Witter Funds and the 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 of Distributors.
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	

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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
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	
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 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.

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

Item 31. 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 Statement of Additional Information.

Item 32. Management Services

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

Item 33. Undertakings.

(a) Registrant undertakes to suspend offering of the shares covered hereby until it amends its prospectus contained herein if (1) subsequent to the effective date of this Registration Statement, its net asset value per share declines more than 10 per cent from its net asset value per share as of the effective date of this Registration Statement, or (2) its net asset value increases to an amount greater than its net proceeds as stated in the prospectus contained herein.

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(b) Not applicable

(c) Not applicable

The undersigned Registrant undertakes to assist shareholders in communicating with other shareholders for the purpose of removing trustees by providing the support specified in Section 16(c) of the 1940 Act as though such Section applied.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of a Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the Registration Statement as of the time it was declared effective.

(2) For purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains

a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York and the State of New York on the 6th day of January, 1994.

INTERCAPITAL INSURED MUNICIPAL SECURITIES

By: /s/ Sheldon Curtis
Sheldon Curtis
Vice President and Secretary

Pursuant to the requirements of the Securities Act of 1933, this Pre-Effective Amendment No. 1 to the Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

Signatures	Title	Date
(1) Principal Executive Officer	Chairman, President, Chief Executive Officer and Trustee	
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 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

EXHIBIT INDEX

1. (a) -- Declaration of Trust of Registrant*
2. -- By-Laws of Registrant*
3. -- None
4. -- Not Applicable
5. -- Copy of Trust's Dividend Reinvestment Plan
6. -- Not Applicable
7. -- Form of Investment Management Agreement between Registrant and Dean Witter InterCapital Inc.
8. (a) -- Form of Master Agreement Among Underwriters*
- (b) -- Form of Underwriting Agreement
- (c) -- Form of Selected Dealers Agreement*
9. -- Not Applicable

- 10. (a) -- Form of Custodian Agreement
 - (b) -- Form of Amended and Restated Transfer Agency Agreement
 - (c) -- Form of Services Agreement between Dean Witter InterCapital Inc. and Dean Witter Services Company Inc.
 - 11. -- Not Applicable
 - 12. -- Opinion of Sheldon Curtis, Esq.**
 - 13. -- Not Applicable
 - 14. -- Consent of Price Waterhouse**
 - 15. -- None
 - 16. -- Investment Letter of Dean Witter InterCapital Inc.**
 - Other -- Powers of Attorney
- * Previously filed by Registrant with its initial Registration Statement dated October 19, 1993.
- ** To be filed by Amendment.

INTERCAPITAL INSURED
MUNICIPAL SECURITIES

Dear Shareholder:

This brochure details the provisions of the Dividend Reinvestment Plan (the "Plan") for common shares of beneficial interest ("Shares") of InterCapital Insured Municipal Securities (the "Trust").

We believe that you will find this service, offered through the Trust's Transfer Agent, Dean Witter Trust Company (the "Transfer Agent"), a convenient way to increase your investment in the Trust through reinvestment of the Trust's monthly dividends and other distributions.

If you are not already enrolled in the Plan and wish to participate and your shares are held in your own name, simply complete and mail the enrollment form in the enclosed business reply envelope. IF YOUR SHARES ARE HELD IN THE NAME OF A BROKERAGE FIRM, BANK OR OTHER NOMINEE, YOU SHOULD CONTACT YOUR NOMINEE TO PARTICIPATE IN THE PLAN.

Participation in the Plan is entirely voluntary and, subject to the terms of the Plan, you may enroll or withdraw at any time.

INTERCAPITAL INSURED
MUNICIPAL SECURITIES
Two World Trade Center
New York, N.Y. 10048
Tel. (212) 392-1600

HIGHLIGHTS OF THE

DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan provides shareholders with an effective and efficient program to put their distributions from the Trust to work through reinvestment in additional Trust Shares each month.

1. Participation

All persons (except as noted below) who become registered shareholders of the Trust may participate in the Plan. Owners of Shares held in the names of brokers and nominees of banks and other financial institutions who wish to participate in the Plan must notify their broker or nominee of their desire to participate in the Plan and such broker or nominee is then advised to contact

2. Operation of the Plan

Whenever the Trust declares a dividend or other distribution, it will pay the amount thereof in cash to the Transfer Agent on behalf of shareholders participating in the Plan which the Transfer Agent must use to buy Shares in the open market for the participants' accounts. Market price for the purpose of the Plan will be the market price of the Shares on a national securities exchange or, in the event that the Shares are not listed on a securities exchange at the time, market price will be the asked price, or the mean of the asked prices if more than one is available, of the Shares in the over-the-counter market.

3. Dividend Information

Each Dividend Reinvestment Plan shareholder will receive a quarterly confirmation of his or her account detailing the current dividend rate, total amount of the dividend (or other distribution), number of Shares purchased through reinvestment, average cost and total number of Shares held in the account. You will receive tax information annually for your personal

records and to help you prepare your tax return. The automatic reinvestment of dividends or distributions will not relieve participants of any income tax that may be payable on such dividends or distributions.

4. Certificates

The Transfer Agent will hold the Shares it has purchased for each shareholder as long as the shareholder remains a participant in the Plan. However, certificates for full Shares held by the Agent will be issued to the shareholder upon his or her written request.

5. Fractional Shares

The full amount of a shareholder's distribution will be reinvested, in full and fractional Shares carried out to three decimal places. Upon termination of the Dividend Reinvestment Plan, the fractional Shares will not be issued, but will be liquidated and the cash proceeds will be sent to the shareholder.

6. Withdrawal from the Plan

Shareholders may elect to terminate their participation in the Dividend Reinvestment Plan and thereafter receive dividends in cash by giving written notice to Dean Witter Trust Company, P.O. Box 1040, Jersey City, New Jersey 07303. The attached form may be used for purposes of giving such written notice. For this written notice to be effective for any dividend or distribution it must be received by the Agent prior to the record date for any

such dividend or distribution. Such notice shall be effective for all further dividends or distributions. Shareholders may resume participation in the Plan at any time by written request to the Transfer Agent. On termination of his or her participation in the Plan, the shareholder will receive a certificate for full Shares in his or her account plus a check for the market value of any fractional Shares.

TERMS & PROVISIONS OF THE

DIVIDEND REINVESTMENT PLAN

(A) Shareholders of the Trust (except brokers, and nominees of banks and financial institutions) may participate in the Dividend Reinvestment Plan ("the Plan") and will be deemed to have appointed Dean Witter Trust Company, Harborside Financial Center, Plaza Two, Jersey City, New Jersey 07311 (the "Transfer Agent") as their Transfer Agent to act on their behalf under the Plan. Under the Plan, dividends and distributions ("distributions") will be reinvested in additional Shares of the Trust. The Plan will continue in effect for each shareholder as to all future distributions until terminated.

(B) The payment date for distributions will generally be approximately two weeks after the record date.

(C) Whenever the Trust declares a dividend or other distribution, it will pay the amount thereof to the Transfer Agent on behalf of shareholders under the Plan in cash which the Transfer Agent must use to buy Shares in the open market for the participants' accounts. Market price for the purpose of the Plan will be the market price of the Shares on a national securities exchange or, in the event the Shares are not listed on a securities exchange at the time, market price will be the asked price, or the mean of the asked prices if more than one is available, of the Shares in the over-the-counter market.

(D) The cost of full and fractional Shares acquired for each shareholder's account in connection with a particular distribution shall be determined by the average cost per share of the Shares acquired by the Transfer Agent in connection with that distribution. Shareholders will receive a confirmation showing the average cost of Shares acquired as soon as practicable after the Transfer Agent has received or purchased Shares. The Transfer Agent may mingle the cash in a shareholder's account with similar funds of other shareholders of the Trust for whom it acts as Transfer Agent under the Plan.

(E) As used herein, the term "market price" means the closing price of the Trust's Shares on a national securities exchange plus expected brokerage commissions.

(F) There is no service charge by the Transfer Agent to shareholders who participate in the Plan. However, the Trust reserves the right to amend the Plan in the future to include a service charge. Each participant will pay a pro

rata share of brokerage commissions incurred with respect to the Transfer Agent's open market purchases in connection with the reinvestment of dividends or capital gains distributions.

(G) The Transfer Agent will maintain the shareholder's account, hold the additional Shares acquired through the Plan in safekeeping and furnish him or her with written confirmation of all transactions in the account. Upon written request to the Transfer Agent signed by the shareholder, a certificate for all full Shares in a shareholder's account will be sent to the shareholder, but the shareholder will continue to be a participant in the Plan unless he requests termination.

(H) Shareholders may terminate their participation in the Plan at any time and elect to receive distributions in cash by notifying the Transfer Agent in writing. Such notification must be received prior to the record date of any distribution. There will be no charge or other penalty for such termination. Upon termination, the Transfer Agent will send the shareholder a share certificate for the number of full Shares in his or her account and a check for the market value of any fractional Share unless otherwise instructed by the shareholder.

(I) Brokers and nominees of banks and financial institutions are advised to contact the Transfer Agent in the event any beneficial owners of the Shares held in their names desire to participate in the Plan.

(J) Experience under the Plan may indicate that changes are desirable. Accordingly, the Trust reserves the right to amend or terminate the Plan, or change the Transfer Agent. Any material change in the Plan will be applied to any distribution paid subsequent to notice thereof sent to participants in the Plan at least thirty days before the record date for such distribution. The Transfer Agent is to be liable only for wilful misconduct or negligence in acting as Transfer Agent under the Plan.

DIVIDEND REINVESTMENT PLAN

(This form is for shareholders who hold Shares in their own names, If your Shares are held through a brokerage firm, bank or other nominee and you wish to participate in the Plan, you should instruct your broker or nominee to contact Dean Witter Trust Company.)

INTERCAPITAL INSURED MUNICIPAL SECURITIES
AUTHORIZATION FOR REINVESTMENT OF DIVIDENDS AND DISTRIBUTIONS
(PLEASE READ CAREFULLY BEFORE SIGNING.)

I hereby authorize InterCapital Insured Municipal Securities (the "Trust") to pay to Dean Witter Trust Company for my account all income dividends and capital gains distributions payable to me on Shares of the Trust now or hereafter registered in my name, and hereby elect to receive in Shares all such dividends and distributions payable in cash, except as set forth

below.

I hereby appoint Dean Witter Trust Company as my Agent, subject to the Terms and Conditions of Dividend Reinvestment Plan (the "Plan") set forth in the accompanying brochure, and authorize Dean Witter Trust Company, as such Agent, in accordance with such Terms and Conditions to apply all such income dividends and capital gains distributions payable solely in cash, after deducting the charges as provided in such Terms and Conditions, to the purchase of Shares of the Trust.

This authorization and appointment is given with the understanding that I may terminate it at any time by terminating my account under the Plan as provided in such Terms and Conditions.

Name(s): _____

(Please Print)

Address,
Including Zip Code: _____

Signature:-----

Signature:-----

(Two signatures if joint tenancy)

Social Security Number: _____

Brokerage Firm's Name: _____

City and State: _____

Brokerage Firm's
Account Number: _____

Date: _____

YOU SHOULD NOT RETURN THIS FORM IF YOU WISH TO RECEIVE YOUR DIVIDENDS OR
DISTRIBUTIONS IN CASH.

This authorization form, when signed, should be mailed to:

DEAN WITTER TRUST COMPANY
P.O. BOX 1040
JERSEY CITY, NJ 07303

(USE THIS FORM TO TERMINATE PARTICIPATION IN THE DIVIDEND REINVESTMENT PLAN)

INTERCAPITAL INSURED MUNICIPAL SECURITIES

Date: _____ , 19__

To Dean Witter Trust Company

I hereby terminate my participation in the Dividend Reinvestment Plan and request that all dividends and distributions on my InterCapital Insured Municipal Securities account be paid in cash.

Name(s): _____

(Please Print)

Address,
Including Zip Code: _____

Signature: _____

Signature: _____
(Two signatures if joint tenancy)

Social Security Number: _____

Brokerage Firm's Name: _____

City and State: _____

Brokerage Firm's
Account Number: _____

Important: Check one below

() Send certificate for Shares in
Reinvestment Plan and check for any
fractional Share

or

() Hold all Shares, full and fractional, in my account

Send to: Dean Witter Trust Company
P.O. Box 1040
Jersey City, New Jersey 07303

INVESTMENT MANAGEMENT AGREEMENT

AGREEMENT made as of the day of February, 1994, by and between InterCapital Insured Municipal Securities, 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 intends to engage in business as a closed-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 manage the assets of the Fund in a manner consistent with the investment objectives and policies of the Fund; shall determine 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 shall take such further action, including the placing of purchase and sale orders on behalf of the Fund, 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, 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.

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3. 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.

4. 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.

5. The Fund assumes and shall pay or cause to be paid all other expenses of the Fund, including without limitation: 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 of 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 for such purposes; 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 any corporate affiliate of the Investment Manager; all expenses incident to the payment of any dividend or distribution program; 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; fees and expenses incident to the listing of the Fund's shares on any stock exchange; 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 Investment Manager, the Fund shall pay to the Investment Manager monthly compensation, calculated from the day following effectiveness hereof, determined by applying the annual rate of % to the Fund's average weekly net assets. For the purposes of calculating the management fee, the liquidation preference of any Preferred Shares issued by the Fund will not be deducted from the Fund's total assets. Except as hereinafter set forth, compensation under this Agreement shall be calculated and accrued weekly and paid monthly by applying the annual rates to the average weekly net assets of the Fund determined as of the close of the last business day of each week. At the request of the Investment Manager, compensation hereunder shall be calculated and accrued at more frequent intervals in a manner consistent with the calculation of fees on a weekly basis. 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.

7. 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 of for any

act or omission by the Investment Manager or for any losses sustained by the Fund or its investors.

8. 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 time and attention in part to the management or other aspects of any other business whether of a similar or dissimilar nature.

9. This Agreement shall remain in effect until April 30, 1995 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 (Common Shares and Preferred Shares voting together as a single class) 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 (Common Shares and Preferred Shares voting together as a single class); (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.

10. 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.

11. 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, conflict with the applicable provisions of the Act, the latter shall control.

12. The Declaration of Trust, as amended, establishing InterCapital Insured Municipal Securities, dated October 14, 1993, 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 InterCapital Insured Municipal Securities, as amended, 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

InterCapital Insured Municipal Securities 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 InterCapital Insured Municipal Securities, 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.

INTERCAPITAL INSURED MUNICIPAL SECURITIES

By

Attest:

.....

DEAN WITTER INTERCAPITAL INC.

By

Attest:

.....

INTERCAPITAL INSURED MUNICIPAL SECURITIES
7,000,000 COMMON SHARES OF BENEFICIAL INTEREST

(PAR VALUE \$.01 PER SHARE)

UNDERWRITING AGREEMENT

February , 1994

DEAN WITTER DISTRIBUTORS INC.

As Representative of the several Underwriters
Two World Trade Center
New York, New York 10048

Dear Sirs:

1. Introductory. InterCapital Insured Municipal Securities, a Massachusetts business trust (the "Trust"), proposes to issue and sell, pursuant to the terms of this Agreement, to the several Underwriters named in Schedule A hereto (the "Underwriters" which term also shall include any underwriter substituted as hereinafter provided in Section 11), an aggregate of 7,000,000 Common Shares of Beneficial Interest of the Trust, par value \$.01 per share (the "Beneficial Common Shares"), as set forth in Schedule A, except as may be provided otherwise in the Pricing Agreement, as hereinafter defined. The aggregate of 7,000,000 Beneficial Common Shares so to be sold by the Trust is herein called the "Firm Shares". The Trust also proposes to sell severally to the Underwriters, on a pro rata basis, at the option of the Underwriters, an aggregate of not more than 1,050,000 additional Beneficial Common Shares as provided in Section 3 of this Agreement. The aggregate of 1,050,000 Beneficial Common Shares so proposed to be sold is herein called the "Optional Shares". The Firm Shares and the Optional Shares are collectively referred to herein as the "Shares". Dean Witter Distributors Inc. is acting as representative of the several Underwriters and in such capacity is hereinafter referred to as the "Representative".

Before the purchase and public offering of the Shares by the several Underwriters, the Trust and the Representative, acting on behalf of the several Underwriters, shall enter into an agreement substantially in the form of Exhibit A hereto (the "Pricing Agreement"). The Pricing Agreement may take the form of an exchange of any standard form of written telecommunication between the Trust and the Representative and shall specify such applicable information as is indicated in Exhibit A hereto. The offering of the Shares will be governed by this Agreement, as supplemented by the Pricing Agreement. From and after the date of the execution and delivery of the Pricing Agreement, this Agreement shall be deemed to incorporate the Pricing Agreement.

2. (a) Representations and Warranties. The Trust and Dean Witter InterCapital Inc., a Delaware corporation (the "Adviser"), each severally represents and

warrants to, and agrees with, the several Underwriters, as of the date hereof and as of the date of the Pricing Agreement (such latter date being hereinafter referred to as the "Representation Date"), that:

(i) A registration statement on Form N-2 (File No. 33-50663) with respect to the Shares has heretofore been delivered to the Underwriters, has been carefully prepared by the Trust in conformity with the requirements of the Securities Act of 1933, as amended (the "1933 Act"), and the Investment Company Act of 1940, as amended (the "1940 Act"), and a notification on Form N-8A of the registration of the Trust as an investment company has been similarly prepared by the Trust under the 1940 Act, and, in the case of both such documents, the published rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") under the 1933 Act and the 1940 Act, and have been filed with the Commission under the 1933 Act and the 1940 Act. One or more amendments to such registration statement, including an amended preliminary prospectus, copies of which have heretofore been delivered to the Underwriters, have been so prepared and filed; and the Trust has so prepared and proposes so

to file prior to the effective date of such registration statement an amendment to such registration statement including the final form of prospectus. Such registration statement as amended at the time such registration statement becomes effective and the prospectus constituting a part thereof (including in each case the information, if any, deemed to be a part thereof pursuant to Rule 430A(b) of the Rules and Regulations) are hereinafter referred to as the "Registration Statement" and the "Prospectus", respectively, except that if any revised prospectus shall be provided to the Underwriters by the Trust for use in connection with the offering of the Shares which differs from the prospectus on file at the Commission at the time the Registration Statement becomes effective (whether such prospectus is required to be filed by the Trust pursuant to Rule 497(c) or Rule 497(h) of the Rules and Regulations), the term "Prospectus" shall refer to such revised prospectus from and after the time it is first provided to the Underwriters for such use.

(ii) When the Registration Statement becomes effective and as of the Representation Date, the Registration Statement and the Prospectus will conform in all material respects to the requirements of the 1933 Act, the 1940 Act and the Rules and Regulations. At the time the Registration Statement becomes effective and at the Representation Date, the Registration Statement will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, at the time the Registration Statement becomes effective and as of the Representation Date (unless the term "Prospectus" refers to a prospectus which has been provided to the Underwriters by the Trust for use in connection with the offering of the Shares which differs from the prospectus on file at the Commission at the time the Registration Statement

becomes effective, in which case at the time it is first provided to the Underwriters for such use) and at the First Closing Date and the Option Closing Date referred to in Section 3, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the foregoing representations, warranties and agreements shall not apply to information contained in or omitted from the Registration Statement or the Prospectus or any such amendment or supplement in reliance upon, and in conformity with, written information furnished to the Trust by or on behalf of any Underwriter, directly or through the Representative, specifically for use in the preparation thereof.

(iii) Since the date as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, of the Trust, or in the earnings, business affairs or business prospects of the Trust, whether or not arising in the ordinary course of business, (B) there have been no transactions entered into by the Trust which are material to the Trust other than those in the ordinary course of business, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Trust on any class of its capital shares.

(iv) The statement of assets and liabilities, together with the related notes, included in the Registration Statement presents fairly the financial position of the Trust as at the date indicated and said statement has been prepared in conformity with generally accepted accounting principles.

(v) Price Waterhouse, who have expressed their opinions on the statement of assets and liabilities included in the Registration Statement, are independent public accountants as required by the 1933 Act and the Rules and Regulations.

(vi) The Trust has been duly organized and is validly existing as a voluntary association (commonly referred to as a business trust) in good standing under the laws of The Commonwealth of Massachusetts; the Declaration of Trust of the Trust pursuant to which the Trust was established, confers on the Trustees named therein, and their successors in trust, power and authority to own, lease and operate its properties and conduct its business as

described in the Registration Statement and the Prospectus; the Trust is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required; and the Trust has no subsidiaries.

(vii) The Trust is registered with the Commission under the 1940 Act as a closed-end diversified management investment company.

(viii) The authorized, issued and outstanding capital shares of the Trust are as set forth in the Prospectus under the caption "Description of Shares"; the Shares have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Trust pursuant to this Agreement against payment of the consideration set forth in the Pricing Agreement, will be validly issued and fully paid and non-assessable; the Shares conform in all material respects to all statements relating thereto contained in the Prospectus; and the issuance of the Shares to be purchased by the Underwriters is not subject to preemptive rights.

(ix) The Trust is not in violation of its Declaration of Trust or its by-laws (the "By-laws") or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any material contract, indenture, mortgage, loan agreement, note, lease or other instrument to which it is a party or by which it or its properties may be bound; and the execution and delivery of this Agreement and the Pricing Agreement and the Investment Management Agreement and the Custodian Agreement referred to in the Registration Statement (as used herein, the "Management Agreement" and the "Custodian Agreement", respectively) and the consummation of the transactions contemplated herein and therein have been duly authorized by all necessary Trust action and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Trust pursuant to, any material contract, indenture, mortgage, loan agreement, note, lease or other instrument to which the Trust is a party or by which it may be bound or to which any of the property or assets of the Trust is subject, nor will such action result in any violation of the provisions of the Declaration of Trust or By-laws or, to the best of its knowledge, any law, administrative regulation or administrative or court decree; and no consent, approval, authorization or order of any court or governmental authority or agency is required for the consummation by the Trust of the transactions contemplated by this Agreement, the Pricing Agreement, the Management Agreement or the Custodian Agreement, except such as has been obtained under the 1940 Act or as may be required under the 1933 Act, or state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters.

(x) The Trust owns or possesses or has obtained all material governmental licenses, permits, consents, orders, approvals and other authorizations necessary to lease or own, as the case may be, and to operate its properties and to carry on its businesses as contemplated in the Prospectus.

(xi) There is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Trust, threatened against or affecting the Trust, which might result in any material adverse change in the condition, financial or otherwise, business affairs or business prospects of the Trust, or might materially and adversely affect the properties or assets of the Trust; and there are no material contracts or documents of the Trust which are required to be filed as exhibits to the Registration Statement by the 1933 Act, the 1940 Act or by the Rules and Regulations which have not been so filed.

(xii) The Trust owns or possesses, or can acquire on reasonable terms, by license or otherwise, adequate trademarks, service marks and trade names necessary to conduct the business now operated by it, and the Trust has not received any notice of infringement of or conflict with asserted rights of others with respect to any trademarks, service marks or trade names which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially adversely affect the conduct of the business, operations, financial condition or income of the Trust.

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(xiii) Any advertisement or other marketing materials approved by the Trust or the Adviser for use in the public offering of the Shares pursuant to Rule 482 under the Rules and Regulations (the "Omitting Prospectus") complies with the requirements of such Rule 482.

(xiv) Any advertisement or other marketing materials approved by the Trust or the Adviser for use by the Underwriters and other securities firms in the public offering of the Shares do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(xv) The Shares have been approved for listing on the New York Stock Exchange upon notice of issuance.

(b) The Adviser represents and warrants to each Underwriter as of the date hereof and as of the Representation Date, as follows:

(i) The Adviser has been duly incorporated and is validly existing and in good standing as a corporation under the laws of the State of Delaware with corporate power and authority to conduct its business as described in the Prospectus.

(ii) The Adviser is duly registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and is not prohibited by the Advisers Act or the 1940 Act, or the rules and regulations under such acts, from acting under the Management Agreement for the Trust as contemplated by the Prospectus.

(iii) The description of the Adviser in the Prospectus is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading.

(iv) This Agreement has been duly authorized, executed and delivered by the Adviser; the Management Agreement has been duly authorized, executed and

delivered by the Adviser and constitutes a valid and binding obligation of the Adviser, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights and to general equity principles; and neither the execution and delivery of this Agreement or the Advisory Agreement nor the performance by the Adviser of its respective obligations hereunder and thereunder, as the case may be, will conflict with, or result in a breach of, any of the terms and provisions of, or constitute, with or without giving notice or lapse of time or both, a default under, any agreement or instrument to which the Adviser is a party or by which it is bound, or any law, order, rule or regulation applicable to it of any jurisdiction, court, federal or state regulatory body, administrative agency or other governmental body, stock exchange or securities association having jurisdiction over the Adviser or its properties or operations.

(v) The Adviser has the financial resources available to it necessary for the performance of its services and obligations as contemplated in the Registration Statement and the Prospectus.

(c) Any certificate signed by any officer of the Trust or the Adviser and delivered to the Representative or to counsel for the Underwriters shall be deemed a representation and warranty by the Trust or the Adviser, as the case may be, to each Underwriter as to the matters covered thereby.

3. Purchase by, and Sale and Delivery to, Underwriters; Closing Date. On the basis of the representations, warranties, covenants and agreements herein contained, and subject to the terms and conditions herein set forth, the Trust agrees to sell to the Underwriters the Firm Shares, and subject to the terms and conditions herein set forth, the Underwriters agree, severally and not jointly, to purchase from the Trust at the price per share set forth in the Pricing Agreement, the number of Firm Shares set opposite their name in Schedule A (except as otherwise provided in the Pricing Agreement), subject to adjustment in accordance with Section 11 hereof.

If the Trust has elected not to rely upon Rule 430A under the Rules and Regulations, the initial public offering price and the purchase price per share to be paid by the several Underwriters for the

Firm Shares each have been determined and set forth in the Pricing Agreement, dated the date hereof, and an amendment to the Registration Statement and the Prospectus will be filed before the Registration Statement becomes effective.

If the Trust has elected to rely upon Rule 430A under the Rules and Regulations, the purchase price per share to be paid by the several Underwriters for the Firm Shares shall be an amount equal to the initial public

offering price, less an amount per share to be determined by agreement between the Representative and the Trust. The initial public offering price and the purchase price, when so determined, shall be set forth in the Pricing Agreement. In the event that such prices have not been agreed upon and the Pricing Agreement has not been executed and delivered by all parties thereto by the close of business on the fourth business day following the date of this Agreement, this Agreement shall terminate forthwith, without liability of any party to any other party, unless otherwise agreed to by the Trust and the Representative.

The Trust will deliver the Firm Shares to the Representative for the respective accounts of the several Underwriters (in the form of definitive certificates, issued in such names and in such denominations as the Representative may direct by notice in writing to the Trust given at or prior to 12:00 Noon, New York Time, on the second full business day preceding the Closing Date or, if no such direction is received, in the names of the respective Underwriters), against payment of the purchase price therefor by check or checks in New York Clearing House or similar next day funds, payable to the order of the Trust, all at the offices of Brown & Wood, One World Trade Center, New York, New York 10048. The time and date of delivery and closing shall be at 10:00 A.M., on the fifth full business day after the Registration Statement becomes effective (or, if the Trust has elected to rely upon Rule 430A, the fifth full business day after execution of the Pricing Agreement); provided, however, that such date and time may be accelerated or extended by agreement between the Trust and the Representative or postponed pursuant to the provisions of Section 11 hereof. The time and date of such payment and delivery are herein referred to as the "First Closing Date". The Trust shall make the certificates for the Shares available to the Representative for examination on behalf of the Underwriters not later than 10:00 A.M., New York Time, on the business day preceding the Closing Date at the offices of Dean Witter Trust Company in New York, New York.

In addition, for the purpose of covering any over-allotments in connection with the distribution and sale of the Firm Shares as contemplated by the Prospectus, the Trust hereby grants the Underwriters an option to purchase, severally and not jointly, up to 1,050,000 shares in the aggregate of the Optional Shares. The purchase price per share to be paid for the Optional Shares shall be the same price per share as for the Firm Shares. The option granted hereby may be exercised as to all or any part of the Optional Shares at any time not more than 45 days subsequent to the effective date of this Agreement (or if the Trust has elected to rely on Rule 430A, not more than 45 days subsequent to the date of the Pricing Agreement). No Optional Shares shall be sold and delivered unless the Firm Shares previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Shares or any portion thereof may be surrendered and terminated at any time upon notice by the Representative to the Trust.

The option granted hereby may be exercised by the Representative on behalf of the Underwriters by giving written notice to the Trust setting forth the number of Optional Shares to be purchased by them and the date and time for delivery of and payment for the Optional Shares. Such date and time for

delivery of and payment for the Optional Shares (which may be the First Closing Date) is herein called the "Option Closing Date" and shall not be later than seven full business days after written notice is given. Optional Shares shall be purchased for the account of each Underwriter in the same proportion as the number of Firm Shares set forth opposite such Underwriter's name in Schedule A hereto bears to the total number of Firm Shares (except as otherwise provided in the Pricing Agreement and subject to adjustment by the Representative to eliminate odd lots). Upon exercise of the option by the Representative the Trust agrees to sell to the Underwriters the number of Optional Shares set forth in the written notice of exercise and the Underwriters agree, severally and not jointly, subject to the terms and conditions herein set forth, to purchase such Optional Shares.

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The Trust will deliver the Optional Shares to the Representative for the respective accounts of the several Underwriters (in the form of definitive certificates, issued in such names and in such denominations as the Representative may direct by notice in writing to the Trust given at or prior to 12:00 Noon, New York Time, on the second full business day preceding the Option Closing Date or, if no such direction is received, in the names of the respective Underwriters), against payment of the purchase price therefor by check or checks in New York Clearing House or similar next day funds, payable to the order of the Trust, all at the offices of Brown & Wood. The Trust shall make the certificates for the Optional Shares available to the Representative for examination on behalf of the Underwriters not later than 10:00 A.M., New York Time, on the business day preceding the Option Closing Date at the offices of Dean Witter Trust Company in New York, New York.

It is understood that Dean Witter Distributors Inc., individually and not as Representative of the several Underwriters, may (but shall not be obligated to) make payment to the Trust on behalf of any Underwriter or Underwriters, for the Shares to be purchased by such Underwriter or Underwriters. Any such payment by Dean Witter Distributors Inc. shall not relieve such Underwriter or Underwriters from any of its or their other obligations hereunder.

After the Registration Statement becomes effective, the several Underwriters propose to make an initial public offering of the Shares at the initial public offering price. The Representative shall promptly advise the Trust of the making of the initial public offering.

4. Covenants and Agreements of the Trust. The Trust covenants and agrees with the several Underwriters that:

(a) The Trust will use its best efforts to cause the Registration Statement to become effective under the 1933 Act, will advise the Representative promptly as to the time at which the Registration Statement

becomes effective, will, if required, cause the issuance of any orders exempting the Trust from any provisions of the 1940 Act and will advise the Representative promptly as to the time at which any such orders are granted, will advise the Representative promptly of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the institution of any proceedings for that purpose, and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible the lifting thereof, if issued. The Trust will advise the Representative promptly of any request by the Commission for any amendment of or supplement to the Registration Statement or the Prospectus or for additional information, and will not at any time file any amendment to the Registration Statement or supplement to the Prospectus which shall not previously have been submitted to the Representative a reasonable time prior to the proposed filings thereof or to which the Representative shall reasonably object in writing or which is not in compliance with the 1933 Act, the 1940 Act and the Rules and Regulations. The Trust will advise the Representative promptly when the Prospectus has been timely filed pursuant to Rule 497(c) or Rule 497(h) of the Rules and Regulations, or when the certification in lieu of filing pursuant to Rule 497(c) has been timely filed pursuant to Rule 497(j) of the Rules and Regulations, whichever is applicable under the Rules and Regulations.

(b) The Trust will prepare and file with the Commission, promptly upon the request of the Representative, any amendments or supplements to the Registration Statement or the Prospectus (including any revised prospectus which the Trust proposes for use by the Underwriters in connection with the offering of the Shares which differs from the prospectus on file at the Commission at the time the Registration Statement becomes effective, whether such revised prospectus is required to be filed pursuant to Rule 497(c) or Rule 497(h) of the Rules and Regulations) which in the opinion of the Representative may be necessary to enable the several Underwriters to continue the distribution of the Shares and will use its best efforts to cause the same to become effective as promptly as possible.

(c) If at any time after the effective date of the Registration Statement when a prospectus relating to the Shares is required to be delivered under the 1933 Act any event relating to or affecting the Trust occurs as a result of which the Prospectus would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the

light of the circumstances under which they were made, not misleading, or if it is necessary, at any time to amend the Prospectus to comply with the 1933 Act, the Trust will promptly notify the Representative thereof and will prepare an amended or supplemented prospectus (in form and substance satisfactory to counsel to the Underwriters) which will correct such statement or omission; and, in case any Underwriter is required to deliver a prospectus relating to

the Shares nine months or more after the effective date of the Registration Statement, the Trust upon the request of the Representative and at the expense of such Underwriter will prepare promptly such prospectus or prospectuses as may be necessary to permit compliance with the requirements of Section 10(a)(3) of the 1933 Act.

(d) The Trust will deliver to the Representative, at or before the First Closing Date, signed copies of the Registration Statement and all amendments thereto including all financial statements and exhibits thereto and will deliver to the Representative such number of copies of the Registration Statement, including such financial statements but without exhibits, and of all amendments thereto, as the Representative may reasonably request. The Trust will deliver or mail to or upon the order of the Representative on the date of the initial public offering, and thereafter from time to time during the period when delivery of a prospectus relating to the Shares is required under the 1933 Act, as many copies of the Prospectus, in final form or as thereafter amended or supplemented as the Representative may reasonably request; provided, however, that the expense of the preparation and delivery of any prospectus required for use nine months or more after the effective date of the Registration Statement shall be borne by the Underwriters required to deliver such prospectus.

(e) The Trust will make generally available to its security holders as soon as practicable, but in any event not later than 60 days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 under the 1933 Act) which will be in reasonable detail (but which need not be audited) and which will comply with Section 11(a) of the 1933 Act, covering a period of at least twelve months beginning not later than the first day of the Trust's fiscal quarter next following the "effective date" (as defined in said Rule 158) of the Registration Statement.

(f) The Trust will cooperate with the Representative to enable the Shares to be qualified for sale under the securities laws of such jurisdictions as the Representative may designate and at the request of the Representative will make such applications and furnish such information as may be required of it as the issuer of the Shares for that purpose; provided, however, that the Trust shall not be required to qualify to do business or to file a general consent to service of process in any such jurisdiction. The Trust will, from time to time, prepare and file such statements and reports as are or may be required of it as the issuer of the Shares to continue such qualifications in effect for so long a period as the Representative may reasonably request for the distribution of the Shares.

(g) The Trust will furnish to its shareholders annual reports containing financial statements certified by independent public accountants and, at least semi-annually, reports containing summary financial information in reasonable detail which may be unaudited. During the period of five years from the date hereof, the Trust will deliver to the Representative and, upon request, to each of the other Underwriters, copies of each annual report of the Trust and each other report furnished by the Trust to its shareholders; and will deliver to the Representative, as soon as they are available, copies of

any other reports (financial or other) which the Trust shall publish or otherwise make available to any of its security holders as such, and as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange.

(h) The Trust will use the net proceeds received by it from the sale of the Shares in the manner specified in the Prospectus under "Use of Proceeds".

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(i) Between the date of this Agreement and the termination of any trading restrictions or the First Closing Date, whichever is later, the Trust will not, without the Representative's prior consent, offer or sell, or enter into any agreement to sell, any equity or equity-related securities of the Trust other than the Shares.

(j) If, at the time that the Registration Statement becomes effective, any information shall have been omitted therefrom in reliance upon Rule 430A of the Rules and Regulations, then immediately following the execution of the Pricing Agreement, the Trust will prepare, and file or transmit for filing with the Commission in accordance with such Rule 430A and Rule 497(h) of the Rules and Regulations, copies of an amended Prospectus, or, if required by such Rule 430A, a post-effective amendment to the Registration Statement (including an amended prospectus), containing all information so omitted.

5. Payment of Expenses. The Trust will pay (directly or by reimbursement) all expenses incident to the performance of its obligations under this Agreement, including but not limited to all expenses and taxes incident to delivery of the Shares to the Representative, all expenses incident to the registration of the Shares under the 1933 Act and the 1940 Act and the printing of copies of the Registration Statement, each preliminary prospectus, each Omitting Prospectus, the Prospectus, any amendments or supplements thereto, all expenses incident to the preparation, printing and delivery of all marketing materials and any audio-visual materials made available to all Underwriters, all communications to potential investors, the "Blue Sky" memorandum, this Agreement and the Pricing Agreement and furnishing the same to the Underwriters and dealers except as otherwise provided in Sections 4(c) and 4(d), the fees and disbursements of the Trust's counsel and accountants, all filing and printing fees and expenses (including legal fees and disbursements of counsel for the Underwriters) incurred in connection with qualification of the Shares for sale under the laws of such jurisdictions as the Representative may designate, all fees and expenses paid or incurred in connection with filings made with the National Association of Securities Dealers, Inc., the fees and expenses incurred in connection with the listing of the Shares on the New York Stock Exchange, the costs of preparing Share certificates, the costs and fees of any registrar or transfer agent and all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section.

6. Indemnification and Contribution. (a) The Trust and the Adviser, jointly and severally, agree to indemnify and hold harmless each Underwriter, and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act, against any losses, claims, damages, liabilities or expenses (including the reasonable cost of investigating and defending against any claims therefor and counsel fees incurred in connection therewith), joint or several, as incurred, which may be based upon the 1933 Act, or any other statute or at common law, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the information deemed to be part of the Registration Statement pursuant to Rule 430A(b) of the Rules and Regulations, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Omitting Prospectus, any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon, and in conformity with, written information furnished to the Trust by any Underwriter, directly or through the Representative, specifically for use in the preparation thereof; provided, however, that the Trust or the Adviser shall not be liable with respect to any claims made against any Underwriter or any such controlling person under this subsection unless such Underwriter or controlling person shall have notified the Trust or the Adviser 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 such Underwriter or controlling person, but failure to notify the Trust or the Adviser of any such claim shall not relieve either of them

from any liability which they may have to such Underwriter or controlling person otherwise than on account of the indemnity agreement contained in this paragraph. The Trust and the Adviser will be entitled to participate at their own expense in the defense, or, if they so elect, to assume the defense of any suit brought to enforce any such liability, but, if the Trust or the Adviser elects to assume the defense, such defense shall be conducted by counsel chosen by it or them. In the event the Trust or the Adviser elects to assume the defense of any such suit and retain such counsel, the Underwriter or Underwriters or controlling person or persons, defendant or defendants in the suit, may retain additional counsel but shall bear the fees and expenses of such counsel unless (i) the Trust or the Adviser shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include such Underwriter or Underwriters or controlling person or persons and the Trust or the Adviser and such Underwriter or Underwriters or controlling

person or persons have been advised by counsel that one or more legal defenses may be available to it or them which may not be available to the Trust or the Adviser, in which case the Trust and the Adviser shall not be entitled to assume the defense of such suit notwithstanding their obligation to bear the fees and expenses of such counsel. The Trust and the Adviser shall not be liable to indemnify any person for any settlement of any such claim effected without the Trust's and the Adviser's written consent. This indemnity agreement will be in addition to any liability which the Trust or the Adviser might otherwise have.

(b) Each Underwriter severally agrees to indemnify and hold harmless the Trust and the Adviser, their respective trustees and directors, each of the Trust's officers who signed the Registration Statement and each person, if any, who controls the Trust or the Adviser within the meaning of Section 15 of the 1933 Act against any losses, claims, damages, liabilities or expenses (including the reasonable cost of investigating and defending against any claims therefor and counsel fees incurred in connection therewith), joint or several, as incurred, which may be based upon the 1933 Act, or any other statute or at common law, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto) including the information deemed to be part of the Registration Statement pursuant to Rule 430A(b) of the Rules and Regulations, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Omitting Prospectus, any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, but only insofar as any such statement or omission was made in reliance upon, and in conformity with, written information furnished to the Trust or the Adviser by such Underwriter, directly or through the Representative, specifically for use in the preparation thereof; provided, however, that an Underwriter shall not be liable with respect to any claims made against the Trust or the Adviser or any person against whom the action is brought unless the Trust or the Adviser or such person shall have notified such Underwriter 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 Trust or the Adviser or such person, but failure to notify such Underwriter of such claim shall not relieve it from any liability which it may have to the Trust or the Adviser or such person otherwise than on account of its indemnity agreement contained in this paragraph. Such Underwriter shall 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 such Underwriter elects to assume the defense, such defense shall be conducted by counsel chosen by it. In the event that any Underwriter elects to assume the defense of any such suit and retain such counsel, the Trust, the Adviser, said officers, trustees and directors and any other Underwriter or Underwriters or controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them, respectively, unless (i) such Underwriter shall have

specifically authorized the retaining of such counsel or (ii) the parties to such suit include any indemnified party and such Underwriter, and any such indemnified party has been advised by counsel that one or more legal defenses may be available to it which may not be available to such Underwriter, in which case such Underwriter shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel. The Underwriter against whom indemnity

may be sought shall not be liable to indemnify any person for any settlement of any such claim effected without such Underwriter's consent. This indemnity agreement will be in addition to any liability which such Underwriter might otherwise have.

(c) In addition to the foregoing indemnification provided for in this Section 6, the Trust and the Adviser, jointly and severally, also agree to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act, to the same extent as the indemnity from the Trust and the Adviser to each Underwriter contained in paragraph (a) of this Section 6, with respect to any advertisement or other marketing material prepared by the Trust or the Adviser for use by the Underwriters and other securities firms in the public offering of the Shares. If any action or claim shall be brought or asserted against the Underwriter (or any such controlling person), in respect to which indemnity may be sought against the Trust or the Adviser pursuant to the provisions of this paragraph, the Trust and the Adviser shall have the rights and duties given to the Trust and the Adviser, and the Underwriters and any such controlling person shall have the rights and duties given to the Underwriters, by paragraph (a) of this Section 6.

(d) If the indemnification provided for in this Section 6 is unavailable or insufficient to hold harmless an indemnified party under subsection (a), (b) or (c) 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), as incurred, in such proportion as is appropriate to reflect the relative benefits received by the Trust on the one hand and the Underwriters 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, as incurred, in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Trust and the Adviser on the one hand and the Underwriters 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 Trust and the Adviser on the one hand and the Underwriters 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 Trust bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of 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 Trust and the Adviser or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Trust, the Adviser, and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, 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 (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter 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. The Underwriters' obligations to contribute are several in proportion to their respective underwriting obligations and not joint.

7. Survival of Indemnities, Representations, Warranties, etc. The respective indemnities, covenants, agreements, representations, warranties and other statements of the Trust, the Adviser and the several Underwriters, as set forth in this Agreement or made by them respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter, the Trust or the Adviser or any of their officers, trustees or directors or any controlling person, and shall survive delivery of and payment for the Shares.

8. Conditions of Underwriters' Obligations. The respective obligations of the several Underwriters hereunder shall be subject to the accuracy, at and (except as otherwise stated herein) as of the date hereof, the Representation Date, the First Closing Date and the Option Closing Date, of the representations and

warranties made herein by the Trust and the Adviser, to the accuracy of the statements of the Trust's officers or trustees in any certificate furnished pursuant to the provisions hereof, to compliance at and as of such Closing Date by the Trust and the Adviser, with their covenants and agreements herein contained and other provisions hereof to be satisfied at or prior to such Closing Date, and to the following additional conditions:

(a) The Registration Statement shall become effective not later than 5:30 P.M., New York Time, on the date hereof or, with the consent of the Representative, at a later time and date, not later, however, than 5:30 P.M. on the first business day following the date hereof, or at such later date as may be approved by a majority in interest of the Underwriters, and at such Closing Date (i) no stop order suspending the effectiveness thereof shall have been issued and no proceedings for that purpose shall have been initiated or, to the knowledge of the Trust, the Adviser or the Representative, threatened by the Commission, and any request for additional information on the part of the Commission (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to the reasonable satisfaction of the Representative, and (ii) there shall not have come to the attention of the Representative any facts that would cause it to believe that the Prospectus, at the time it was required to be delivered to a purchaser of the Shares, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Trust has elected to rely upon Rule 430A of the Rules and Regulations, the price of the Shares and any price related information previously omitted from the effective Registration Statement pursuant to Rule 430A shall have been transmitted to the Commission for filing pursuant to Rule 497(h) of the Rules and Regulations within the prescribed time period, and before the First Closing Date the Trust shall have provided evidence satisfactory to the Representative of such timely filing, or a post-effective amendment providing such information shall have been promptly filed and declared effective in accordance with the requirements of Rule 430A of the Rules and Regulations.

(b) At the time of execution of this Agreement, the Representative shall have received from Price Waterhouse a letter, dated the date of such execution, in form and substance previously approved by the Representative, and to the effect that:

(i) They are independent public accountants with respect to the Trust within the meaning of the 1933 Act and the 1940 Act and the Rules and Regulations as they relate to registration statements on Form N-2.

(ii) In their opinion, the statement of assets and liabilities examined by them and included in the Registration Statement complies as to form in all material respects with the applicable accounting requirements of the 1933 Act, the 1940 Act and the Rules and Regulations as they relate to registration statements on Form N-2.

(iii) They have performed specified procedures, not constituting an audit, including a reading of the latest available interim financial statements

of the Trust, if any, a reading of the minute books of the Trust, inquiries of officials of the Trust responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, and on the basis of such inquiries and procedures nothing came to their attention that

caused them to believe that at the date of the latest available statement of assets and liabilities read by such accountants, or at a subsequent specified date not more than five days prior to the date of such letter, there was any change in the capital shares or net assets of the Trust as compared with amounts shown on the statement of assets and liabilities included in the Prospectus.

(c) The Representative shall have received from Price Waterhouse a letter, dated the First Closing Date, to the effect that such accountants reaffirm, as of such First Closing Date, and as though made on such First Closing Date, the statements made in the letter furnished by such accountants pursuant to paragraph (b) of this Section 8, except that the specified date will be a date not more than five days prior to the Closing Date.

(d) The Representative shall have received from Sheldon Curtis, Esq., General Counsel for the Trust, an opinion, dated the First Closing Date, to the effect that:

(i) The Trust has been duly organized and is validly existing as a business trust in good standing under the laws of The Commonwealth of Massachusetts.

(ii) The Trust has power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement and the Prospectus.

(iii) The Trust is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required.

(iv) The Shares have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Trust pursuant to this Agreement against payment of the consideration set forth in the Pricing Agreement, will be validly issued and fully paid and non-assessable (except for certain possible liability of shareholders described in the Prospectus under "Description of Shares--General"); the issuance of the Shares is not subject to preemptive rights; and the authorized capital shares of the Trust conform in all material respects to the description thereof in the Registration Statement.

(v) Each of this Agreement and the Pricing Agreement has been duly

authorized, executed and delivered by the Trust and complies with all applicable provisions of the 1940 Act.

(vi) The Registration Statement is effective under the 1933 Act and, to the best of such counsel's knowledge and information, no stop order suspending the effectiveness of the Registration Statement has been issued under the 1933 Act and no order suspending the Trust's registration has been issued under Section 8(e) of the 1940 Act, or proceedings therefor initiated or threatened by the Commission.

(vii) At the time the Registration Statement became effective and at the Representation Date, the Registration Statement (other than the statement of assets and liabilities included therein, as to which no opinion need be rendered) complied as to form in all material respects with the requirements of the 1933 Act and the 1940 Act and the Rules and Regulations; and nothing has come to such counsel's attention that would lead him to believe that the Registration Statement, at the time it became effective or at the Representation Date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, at the Representation Date (unless the term "Prospectus" refers to the Prospectus which has been provided to the Underwriters by the Trust for use in connection with the offering of the Shares which differs from the Prospectus on file at the Commission at the time the Registration Statement becomes effective, in which case at the time it is provided to the Underwriters for such use) or at the First Closing Date, included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statement therein, in light of the circumstances under which they were made, not misleading.

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(viii) To the best of such counsel's knowledge and information, there are no legal or governmental proceedings pending or threatened against the Trust which are required to be disclosed in the Registration Statement, other than those disclosed therein.

(ix) To the best of such counsel's knowledge and information, there are no contracts, indentures, mortgages, loan agreements, notes, leases or other instruments of the Trust required to be described or referred to in the Registration Statement or to be filed as exhibits thereto other than those described or referred to therein or filed as exhibits thereto, the descriptions thereof or references thereto are correct, and no default exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other instrument so described, referred to or filed.

(x) No consent, approval, authorization or order of any court or governmental authority or agency is required in connection with the sale of the Shares to the Underwriters, except such as has been obtained under the 1933 Act, the 1940 Act or the Rules and Regulations or such as may be required under state securities laws; and to the best of such counsel's knowledge and information, the execution and delivery of this Agreement, the Pricing Agreement, the Management Agreement and the Custodian Agreement and the consummation of the transactions contemplated herein and therein will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Trust pursuant to, any contract, indenture, mortgage, loan agreement, note, lease or other instrument to which the Trust is a party or by which it may be bound or to which any of the property or assets of the Trust is subject, nor will such action result in any violation of the provisions of the Declaration of Trust, as amended, or By-Laws of the Trust, or any law, administrative regulation or administrative or court decree.

(xi) The Management Agreement and the Custodian Agreement each has been duly authorized and approved by the Trust and complies with all applicable provisions of the 1940 Act, and each of said agreements has been duly executed and delivered by the Trust.

(xii) The Trust is registered with the Commission under the 1940 Act as a closed-end diversified management investment company, and all required action has been taken by the Trust under the 1933 Act, the 1940 Act and the Rules and Regulations to make the public offering and consummate the sale of the Shares pursuant to this Agreement; the provisions of the Declaration of Trust, as amended, and By-Laws of the Trust comply as to form in all material respects with the requirements of the 1940 Act.

(xiii) The information in the Prospectus under the caption "Taxation", to the extent that it constitutes matters of law or legal conclusions, has been reviewed by such counsel and is correct.

(e) The representative shall have received from Sheldon Curtis, Esq., General Counsel for the Adviser, an opinion dated the First Closing Date to the effect that:

(i) The Adviser has been duly organized as a corporation under the laws of the State of Delaware with corporate power and authority to conduct its business as described in the Prospectus.

(ii) The Adviser is duly registered as an investment adviser under the Advisers Act and is not prohibited by the Advisers Act or the 1940 Act, or the rules and regulations under such Acts, from acting under the Management Agreement for the Trust as contemplated by the Prospectus.

(iii) This Agreement and the Management Agreement each has been duly authorized, executed and delivered by the Adviser, and the Management Agreement constitutes a valid and binding obligation of the Adviser, enforceable in accordance with its terms, subject, as

to enforcement, to bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights and to general equity principles, and, to the best of such counsel's knowledge and information, neither the execution and delivery of this Agreement or the Management Agreement, nor the performance by the Adviser of its obligations hereunder or thereunder, will conflict with, or result in a breach of, any of the terms and provisions of, or constitute, with or without giving notice or lapse of time or both, a default under, any agreement or instrument to which the Adviser is a party or by which the Adviser is bound, or any law, order, rule or regulation applicable to the Adviser of any jurisdiction, court, federal or state regulatory body, administrative agency or other governmental body, stock exchange or securities association having jurisdiction over the Adviser or its properties or operations.

(iv) To the best of such counsel's knowledge and information, the description of the Adviser in the Registration Statement and the Prospectus does not contain any untrue statement of a material fact or omit to state any material fact required to be stated herein or necessary to make the statements therein not misleading.

(f) The Representative shall have received from Brown & Wood, counsel for the Underwriters, their opinion or opinions dated the First Closing Date with respect to the organization of the Trust, the validity of the Shares, registration under and compliance with the 1933 Act and the 1940 Act, this Agreement and the Pricing Agreement, the Registration Statement and the Prospectus and such other related matters as the Representative may require, and the Trust shall have furnished to such counsel such documents as they may request for the purpose of enabling them to pass upon such matters.

In giving their opinions, Sheldon Curtis, Esq. and Brown & Wood may rely as to matters involving the laws of The Commonwealth of Massachusetts upon the opinion of Lane & Altman. In giving their opinions, Sheldon Curtis, Esq. and Brown & Wood may rely (i) as to the qualification of the Trust and the Adviser to do business in any state or jurisdiction, upon certificates of appropriate government officials, and (ii) as to matters of fact, upon certificates and written statements of officers and employees of and accountants for the Trust and the Adviser.

(g) At the First Closing Date (i) the Registration Statement and the Prospectus shall contain all statements which are required to be stated therein in accordance with the 1933 Act, the 1940 Act and the Rules and Regulations and in all material respects shall conform to the requirements of the 1933 Act, the 1940 Act and the Rules and Regulations and neither the Registration Statement nor the Prospectus shall contain any untrue statement of a material fact or

omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and no action, suit or proceeding at law or in equity shall be pending or, to the knowledge of the Trust or the Adviser, threatened against the Trust or the Adviser which would be required to be set forth in the Prospectus other than as set forth therein, (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change in the condition, financial or otherwise, of the Trust or in its earnings, business affairs or business prospects, whether or not arising in the ordinary course of business, from that set forth in the Registration Statement and Prospectus, (iii) the Adviser shall have the financial resources available to it necessary for the performance of its services and obligations as contemplated in the Registration Statement and the Prospectus, (iv) no proceedings shall be pending or, to the knowledge of the Trust or the Adviser, threatened against the Trust or the Adviser before or by any Federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, property, financial condition or income of either the Trust or the Adviser other than as set forth in the Prospectus, (v) neither the Trust nor the Adviser shall be in material default in the performance or observance of any contract to which it is a party, (vi) no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceeding therefor shall have been instituted or

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threatened by the Commission and (vii) no proceedings shall have been instituted or threatened by the Commission which would adversely affect the Trust's standing as a registered investment company under the 1940 Act or the Adviser's standing as a registered investment adviser under the Advisers Act; and the Representative shall have received, at such First Closing Date, a certificate of the President or a Vice President and the chief financial or accounting officer of the Trust and of the Adviser, dated as of such First Closing Date, evidencing compliance with the appropriate provisions of this subsection (g).

(h) The Representative shall have received certificates, dated the First Closing Date (i) of the President or a Vice President and the chief financial or accounting officer of the Trust to the effect that the representations and warranties of the Trust contained in Section 2(a) are true and correct with the same force and effect as though expressly made at and as of such First Closing Date and (ii) of the Chief Executive Officer, President or a Vice President and the chief financial or accounting officer of the Adviser to the effect that the representations and warranties of the Adviser contained in Sections 2(a) and (b) are true and correct with the same force and effect as though expressly made at and as of such First Closing Date.

(i) The Trust and the Adviser shall have furnished to the Representative such additional certificates as the Representative may have reasonably requested as to the accuracy, at and as of the First Closing Date, of the representations and warranties made herein by them as to compliance at and as of the First Closing Date by them with their covenants and agreements herein contained and other provisions hereof to be satisfied at or prior to the First Closing Date and as to other conditions to the obligations of the Underwriters hereunder.

(j) In the event the Underwriters exercise the option granted in Section 3 hereof to purchase all or any portion of the Optional Shares, the representations and warranties of the Trust and the Adviser contained herein and the statements in any certificates furnished by the Trust and the Adviser hereunder shall be true and correct as of the Option Closing Date, and the Representative shall have received:

(i) A letter from Price Waterhouse, in form and substance satisfactory to the Representative and dated the Option Closing Date, substantially the same in scope and substance as the letter furnished to the Representative pursuant to Section 8(b), except that the specified date in the letter furnished pursuant to this Section 8(j) shall be a date not more than five days prior to the Option Closing Date.

(ii) The opinion of Sheldon Curtis, Esq., General Counsel for the Trust, in form and substance satisfactory to counsel for the Underwriters, dated the Option Closing Date, relating to the Optional Shares and otherwise to the same effect as the opinion required by Section 8(d).

(iii) The opinion of Sheldon Curtis, Esq., General Counsel for the Adviser, in form and substance satisfactory to counsel for the Underwriters, dated the Option Closing Date, to the same effect as the opinion required by Section 8(e).

(iv) The opinion of Brown & Wood, counsel for the Underwriters, dated the Option Closing Date, relating to the Optional Shares and otherwise to the same effect as the opinion required by Section 8(f).

(v) A certificate, dated the Option Closing Date, of the President or a Vice President and the chief financial or accounting officer of the Trust confirming that the certificate or certificates delivered at the First Closing Date pursuant to Section 8(g) and Section 8(h) remains or remain true as of the Option Closing Date.

(vi) A certificate, dated the Option Closing Date, of the Adviser confirming that the certificate or certificates delivered at the First Closing Date pursuant to Section 8(g) and Section 8(h) remains or remain true as of the Option Closing Date.

(vii) Such additional certificates, dated the Option Closing Date, as the Representative may have reasonably requested pursuant to Section 8(i).

If any of the conditions hereinabove provided for in this Section shall not have been satisfied when and as required by this Agreement, this Agreement may be terminated by the Representative by notifying the Trust of such termination in writing or by telegram at or prior to the First Closing Date, but the Representative shall be entitled to waive any of such conditions.

9. Termination. This Agreement may be terminated by the Representative by notice to the Trust if at or prior to the First Closing Date (i) trading in securities on the New York or American Stock Exchanges shall have been suspended or minimum or maximum prices shall have been established on either such exchange, or a banking moratorium shall have been declared by New York or United States authorities; (ii) there shall have been any material adverse change in the financial markets in the United States or any outbreak or escalation of hostilities between the United States and any foreign power, or of any other insurrection or armed conflict involving the United States which, in the judgment of the Representative, makes it impracticable or inadvisable to offer or sell the Shares; (iii) there shall have been, since the date of this Agreement or since the respective dates as of which information is given in the Registration Statement, any material adverse change in the condition (financial or otherwise), or in the earnings, business affairs or business prospects of the Trust; or (iv) there shall be any litigation, pending or threatened, which, in the judgment of the Representative, makes it impracticable or inadvisable to offer or deliver the Shares on the terms contemplated by the Prospectus.

10. Reimbursement of Underwriters. Notwithstanding any other provisions hereof, if this Agreement shall be terminated by the Representative under Section 8, Section 9 or Section 12, the Trust and the Adviser will bear and pay the expenses specified in Section 5 hereof and, in addition to their obligations pursuant to Section 6, hereof, except when the Representative terminates this Agreement pursuant to clause (i) or (ii) of Section 9, the Trust and the Adviser will reimburse the reasonable out-of-pocket expenses of the several Underwriters (including reasonable fees and disbursements of counsel for the Underwriters) incurred in connection with this Agreement and the proposed purchase of the Shares, and promptly upon demand the Trust and the Adviser will pay such amounts to you as Representative. In addition, the provisions of Section 6 shall survive any such termination.

11. Default By Underwriters. If any Underwriter or Underwriters shall default in its or their obligations to purchase Firm Shares hereunder on the First Closing Date and the aggregate number of Firm Shares which such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of Shares which the Underwriters are obligated to purchase at the First Closing Date, the other Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Firm Shares which such defaulting Underwriter or Underwriters agreed but failed to

purchase. If any Underwriter or Underwriters shall so default and the aggregate number of Firm Shares with respect to which such default or defaults occur is more than 10% of the total number of shares underwritten and arrangements satisfactory to the Representative and the Trust for the purchase of such shares of Firm Shares by other persons are not made within 48 hours after such default, this Agreement shall terminate.

If the remaining Underwriters or substituted underwriters are required hereby or agree to take up all or part of the Firm Shares of a defaulting Underwriter or Underwriters as provided in this Section 11, (i) the Trust shall have the right to postpone the First Closing Date for a period of not more than five full business days, in order that the Trust may effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Trust agrees promptly to file any amendments to the Registration Statement or supplements to the Prospectus which may thereby be made necessary, and (ii) the respective numbers of Firm Shares to be purchased by the remaining Underwriters or substituted underwriters shall be taken as the basis of their underwriting obligation for all purposes of this Agreement. Nothing herein contained shall relieve any defaulting Underwriter of its liability to the Trust or the Underwriters for

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damages occasioned by its default hereunder. Any termination of this Agreement pursuant to this Section 11 shall be without liability on the part of any non-defaulting Underwriter or the Trust, except for expenses to be paid or reimbursed pursuant to Section 5 and except for the provisions of Section 6.

12. Default By the Trust. If the Trust shall fail at the First Closing Date to sell and deliver the number of Shares which it is obligated to sell hereunder, then this Agreement shall terminate without any liability on the part of any non-defaulting party, other than obligations under Section 10 hereof. No action taken pursuant to this Section 12 shall relieve the Trust from liability, if any, in respect of such default.

13. Notices. All communications hereunder shall be in writing and, if sent to the Underwriters shall be mailed, delivered or telegraphed and confirmed to you, as their Representative, at Two World Trade Center, 64th Floor, New York, New York 10048, except that notices given to an Underwriter pursuant to Section 6 hereof shall be sent to such Underwriter at the address furnished by the Representative or if sent to the Trust or the Adviser shall be mailed, delivered or telegraphed and confirmed at Two World Trade Center, New York, New York 10048, attention: Sheldon Curtis, Esq., General Counsel.

14. Successors. This Agreement shall inure to the benefit of and be binding upon the several Underwriters, the Trust, the Adviser and their respective successors and legal representatives. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person other than the

persons mentioned in the preceding sentence any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person; except that the representations, warranties, covenants, agreements and indemnities of the Trust and the Adviser contained in this Agreement shall also be for the benefit of the person or persons, if any, who control any Underwriter or Underwriters within the meaning of Section 15 of the Act, and the indemnities of the several Underwriters shall also be for the benefit of each trustee or director of the Trust and the Adviser, each of the Trust's officers who has signed the Registration Statement and the person or persons, if any, who control the Trust and the Adviser within the meaning of Section 15 of the 1933 Act.

15. Liability of Shareholders, Trustees and Officers. This Agreement is executed by or on behalf of the trustees of the Trust solely in their capacity as such trustees, and shall not constitute their personal obligation either jointly or severally in their individual capacities. No trustee, officer or shareholder of the Trust shall be liable for any obligations of the Trust under this instrument and the Trust shall be solely liable therefor; all parties hereto shall look solely to the Trust for the payment of any claim, or the performance of any obligation, hereunder.

16. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in said state. Specified times of day refer to New York City time.

17. Authority of the Representative. In connection with this Agreement, the Representative will act for and on behalf of the several Underwriters, and any action taken under this Agreement by the Representative, as representative of the several Underwriters, will be binding on all the Underwriters.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter and your acceptance shall constitute a binding agreement between us.

Very truly yours,
INTERCAPITAL INSURED MUNICIPAL SECURITIES

By:
Authorized Signature

DEAN WITTER INTERCAPITAL INC.

By:.....
Authorized Signature

Accepted and delivered,

as of the date first above written:

DEAN WITTER DISTRIBUTORS INC.

Acting on its own behalf and as
Representative of the several Underwriters
referred to in the foregoing Agreement.

By:.....
Authorized Signature

SCHEDULE A

NAME - - - - -	NUMBER OF FIRM SHARES TO BE PURCHASED -----
Dean Witter Distributors Inc.....	
Total.....	----- 7,000,000 =====

EXHIBIT A

INTERCAPITAL INSURED MUNICIPAL SECURITIES
7,000,000 COMMON SHARES OF BENEFICIAL INTEREST
(PAR VALUE \$.01 PER SHARE)

PRICING AGREEMENT

February , 1994

DEAN WITTER DISTRIBUTORS INC.
As Representative of the several Underwriters

Two World Trade Center
New York, New York 10048

Dear Sirs:

Reference is made to the Underwriting Agreement, dated February , 1994 (the "Underwriting Agreement"), relating to the purchase by the several Underwriters named in Schedule A thereto, for whom Dean Witter Distributors Inc. is acting as representative (the "Representative"), of the above Common Shares of Beneficial Interest (the "Firm Shares") of InterCapital Quality Municipal Securities (the "Trust") and relating to the option granted to such Underwriters to purchase up to an additional 1,050,000 Common Shares of Beneficial Interest of the Trust to cover over-allotments in connection with the sale of the Firm Shares (the "Optional Shares"). The Firm Shares and all or any part of the Optional Shares are collectively herein referred to as the "Shares."

Pursuant to Section 3 of the Underwriting Agreement, the Trust agrees with each Underwriter as follows:

1. The initial public offering price per share for the Shares, determined as provided in Section 3, shall be \$15.00.
2. The purchase price per share for the Shares to be paid by the several Underwriters shall be \$, being an amount equal to the initial public offering price set forth above less \$ per share.

This Agreement is executed by or on behalf of the trustees of the Trust solely in their capacity as such trustees, and shall not constitute their personal obligation either jointly or severally in their individual capacities. No trustee, officer or shareholder of the Trust shall be liable for any obligations of the Trust under this instrument and the Trust shall be solely liable therefor; all parties hereto shall look solely to the Trust estate for the payment of any claim, or the performance of any obligation, hereunder.

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If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Trust a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Underwriters and the Trust in accordance with its terms.

Very truly yours,

INTERCAPITAL INSURED MUNICIPAL SECURITIES
By:
Authorized Signature

Accepted and delivered,
as of the date first above written:

DEAN WITTER DISTRIBUTORS INC.

Acting on its own behalf and as Representative
of the several Underwriters referred to in the
within-mentioned Underwriting Agreement.

By:
Authorized Signature

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CUSTODY AGREEMENT

Agreement made as of this day of , 1993, between INTERCAPITAL INSURED MUNICIPAL SECURITIES, a Massachusetts business trust organized and existing under the laws of the Commonwealth of Massachusetts, having its principal office and place of business at 2 World Trade Center, New York, New York 10048 (hereinafter called the "Fund"), and THE BANK OF NEW YORK, a New York corporation authorized to do a banking business, having its principal office and place of business at 48 Wall Street, New York, New York 10286 (hereinafter called the "Custodian").

W I T N E S S E T H :

that for and in consideration of the mutual promises hereinafter set forth, the Fund and the Custodian agree as follows:

ARTICLE I

DEFINITIONS

Whenever used in this Agreement, the following words and phrases, shall have the following meanings:

1. "Agreement" shall mean this Custody Agreement and all Appendices and Certifications described in the Exhibits delivered in connection herewith.

2. "Authorized Person" shall mean any person, whether or not such person is an Officer or employee of the Fund, duly authorized by the Board of Trustees of the Fund to give Oral Instructions and Written Instructions on behalf of the Fund and listed in the Certificate annexed hereto as Appendix A or such other Certificate as may be received by the Custodian from time to time, provided that each person who is designated in any such Certificate as an "Officer of DWTC" shall be an Authorized Person only for purposes of Articles XII and XIII hereof.

3. "Book-Entry System" shall mean the Federal Reserve/Treasury book-entry system for United States and federal agency securities, its successor or successors and its nominee or nominees.

4. "Call Option" shall mean an exchange traded option with respect to Securities other than Index, Futures Contracts, and Futures Contract Options entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase from the writer thereof the specified underlying instruments, currency, or Securities.

5. "Certificate" shall mean any notice, instruction, or other instrument in writing, authorized or required by this Agreement to be given to the Custodian which is actually received (irrespective of constructive receipt) by the Custodian and signed on behalf of the Fund by any two Officers. The term Certificate shall also include instructions by the Fund to the Custodian communicated by a Terminal Link.

6. "Clearing Member" shall mean a registered broker-dealer which is a clearing member under the rules of O.C.C. and a member of a national securities exchange qualified to act as a custodian for an investment company, or any broker-dealer reasonably believed by the Custodian to be such a clearing member.

7. "Collateral Account" shall mean a segregated account so denominated which is specifically allocated to a Series and pledged to the Custodian as security for, and in consideration of, the Custodian's issuance of any Put Option guarantee letter or similar document described in paragraph 8 of Article V herein.

8. "Covered Call Option" shall mean an exchange traded option entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase from the writer thereof the specified underlying instruments, currency, or Securities (excluding Futures Contracts) which are owned by the writer thereof.

9. "Depository" shall mean The Depository Trust Company ("DTC"), a clearing agency registered with the Securities and Exchange Commission, its successor or successors and its nominee or nominees. The term "Depository" shall further mean and include any other person authorized to act as a depository under the Investment Company Act of 1940, its successor or successors and its nominee or nominees, specifically identified in a certified copy of a resolution of the Fund's Board of Trustees specifically approving deposits therein by the Custodian.

10. "Financial Futures Contract" shall mean the firm commitment to buy or sell financial instruments on a U.S. com-

modities exchange or board of trade at a specified future time at an agreed upon price.

11. "Futures Contract" shall mean a Financial Futures Contract and/or Index Futures Contracts.

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12. "Futures Contract Option" shall mean an option with respect to a Futures Contract.

13. "Investment Company Act of 1940" shall mean the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

14. "Index Futures Contract" shall mean a bilateral agreement pursuant to which the parties agree to take or make delivery of an amount of cash equal to a specified dollar amount times the difference between the value of a particular index at the close of the last business day of the contract and the price at which the futures contract is originally struck.

15. "Index Option" shall mean an exchange traded option entitling the holder, upon timely exercise, to receive an amount of cash determined by reference to the difference between the exercise price and the value of the index on the date of exercise.

16. "Margin Account" shall mean a segregated account in the name of a broker, dealer, futures commission merchant, or a Clearing Member, or in the name of the Fund for the benefit of a broker, dealer, futures commission merchant, or Clearing Member, or otherwise, in accordance with an agreement between the Fund, the Custodian and a broker, dealer, futures commission merchant or a Clearing Member (a "Margin Account Agreement"), separate and distinct from the custody account, in which certain Securities and/or money of the Fund shall be deposited and withdrawn from time to time in connection with such transactions as the Fund may from time to time determine. Securities held in the Book-Entry System or a Depository shall be deemed to have been deposited in, or withdrawn from, a Margin Account upon the Custodian's effecting an appropriate entry in its books and records.

17. "Money Market Security" shall mean all instruments

and obligations commonly known as a money market instruments, where the purchase and sale of such securities normally requires settlement in federal funds on the same day as such purchase or sale, including, without limitation, certain Reverse Repurchase Agreements, debt obligations issued or guaranteed as to interest and/or principal by the government of the United States or agencies or instrumentalities thereof, any tax, bond or revenue anticipation note issued by any state or municipal government or public authority, commercial paper, certificates of deposit and bankers' acceptances, repurchase agreements with respect to Securities and bank time deposits.

18. "O.C.C." shall mean the Options Clearing Corporation, a clearing agency registered under Section 17A of the

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Securities Exchange Act of 1934, its successor or successors, and its nominee or nominees.

19. "Officers" shall mean the President, any Vice President, the Secretary, the Clerk, the Treasurer, the Controller, any Assistant Secretary, any Assistant Clerk, any Assistant Treasurer, and any other person or persons, whether or not any such other person is an officer or employee of the Fund, but in each case only if duly authorized by the Board of Trustees of the Fund to execute any Certificate, instruction, notice or other instrument on behalf of the Fund and listed in the Certificate annexed hereto as Appendix B or such other Certificate as may be received by the Custodian from time to time; provided that each person who is designated in any such Certificate as holding the position of "Officer of DWTC" shall be an Officer only for purposes of Articles XII and XIII hereof.

20. "Option" shall mean a Call Option, Covered Call Option, Index Option and/or a Put Option.

21. "Oral Instructions" shall mean verbal instructions actually received (irrespective of constructive receipt) by the Custodian from an Authorized Person or from a person reasonably believed by the Custodian to be an Authorized Person.

22. "Put Option" shall mean an exchange traded option with respect to instruments, currency, or Securities other than Index Options, Futures Contracts, and Futures Contract Options entitling the holder, upon timely exercise and tender

of the specified underlying instruments, currency, or Securities, to sell such instruments, currency, or Securities to the writer thereof for the exercise price.

23. "Reverse Repurchase Agreement" shall mean an agreement pursuant to which the Fund sells Securities and agrees to repurchase such Securities at a described or specified date and price.

24. "Security" shall be deemed to include, without limitation, Money Market Securities, Call Options, Put Options, Index Options, Index Futures Contracts, Index Futures Contract Options, Financial Futures Contracts, Financial Futures Contract Options, Reverse Repurchase Agreements, over the counter options on Securities, common stocks and other securities having characteristics similar to common stocks, preferred stocks, debt obligations issued by state or municipal governments and by public authorities, (including, without limitation, general obligation bonds, revenue bonds, industrial bonds and industrial development bonds), bonds, debentures, notes, mortgages or other obligations, and any certificates, receipts, warrants or other instruments representing rights to receive, purchase, sell or subscribe

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for the same, or evidencing or representing any other rights or interest therein, or rights to any property or assets.

25. "Senior Security Account" shall mean an account maintained and specifically allocated to a Series under the terms of this Agreement as a segregated account, by recordation or otherwise, within the custody account in which certain Securities and/or other assets of the Fund specifically allocated to such Series shall be deposited and withdrawn from time to time in accordance with Certificates received by the Custodian in connection with such transactions as the Fund may from time to time determine.

26. "Series" shall mean the various portfolios, if any, of the Fund as described from time to time in the current and effective prospectus for the Fund, except that if the Fund does not have more than one portfolio, "Series" shall mean the Fund or be ignored where a requirement would be imposed on the Fund or the Custodian which is unnecessary if there is only one portfolio.

27. "Shares" shall mean the shares of beneficial interest of the Fund and its Series.

28. "Terminal Link" shall mean an electronic data transmission link between the Fund and the Custodian requiring in connection with each use of the Terminal Link the use of an authorization code provided by the Custodian and at least two access codes established by the Fund, provided, that the Fund shall have delivered to the Custodian a Certificate substantially in the form of Appendix C.

29. "Transfer Agent" shall mean Dean Witter Trust Company, a New Jersey limited purpose trust company, its successors and assigns.

30. "Transfer Agent Account" shall mean any account in the name of the Transfer Agent maintained with The Bank of New York pursuant to a Cash Management and Related Services Agreement between The Bank of New York and the Transfer Agent.

31. "Written Instructions" shall mean written communications actually received (irrespective of constructive receipt) by the Custodian from an Authorized Person or from a person reasonably believed by the Custodian to be an Authorized Person by telex or any other such system whereby the receiver of such communications is able to verify by codes or otherwise with a reasonable degree of certainty the identity of the sender of such communication.

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ARTICLE II

APPOINTMENT OF CUSTODIAN

1. The Fund hereby constitutes and appoints the Custodian as custodian of the Securities and moneys at any time owned by the Fund during the period of this Agreement.

2. The Custodian hereby accepts appointment as such custodian and agrees to perform the duties thereof as hereinafter set forth.

ARTICLE III

CUSTODY OF CASH AND SECURITIES

1. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, the Fund will deliver or cause to be delivered to the Custodian all Securities and all moneys owned by it, at any time during the period of this Agreement, and shall specify with respect to such Securities and money the Series to which the same are specifically allocated, and the Custodian shall not be responsible for any Securities or money not so delivered. The Custodian shall physically segregate, keep and maintain the Securities of the Series separate and apart from each other Series and from other assets held by the Custodian. Except as otherwise expressly provided in this Agreement, the Custodian will not be responsible for any Securities and moneys not actually received by it, unless the Custodian has been negligent or has engaged in willful misconduct with respect thereto. The Custodian will be entitled to reverse any credits of money made on the Fund's behalf where such credits have been previously made and moneys are not finally collected, unless the Custodian has been negligent or has engaged in willful misconduct with respect thereto. The Fund shall deliver to the Custodian a certified resolution of the Board of Trustees of the Fund, substantially in the form of Exhibit A hereto, approving, authorizing and instructing the Custodian on a continuous and on-going basis to deposit in the Book-Entry System all Securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated and to utilize the Book-Entry System to the extent possible in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities and deliveries and returns of Securities collateral. Prior to a deposit of Securities specifically allocated to a Series in any Depository, the Fund shall deliver to the Custodian a certified resolution of the Board of Trustees of the Fund, substantially in the form of Exhibit B hereto, approving,

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authorizing and instructing the Custodian on a continuous and ongoing basis until instructed to the contrary by a Certificate to deposit in such Depository all Securities specifically allocated to such Series eligible for deposit therein, and to utilize such Depository to the extent possible with respect to such Securities in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities, and deliveries and returns of Securities

collateral. Securities and moneys deposited in either the Book-Entry System or a Depository will be represented in accounts which include only assets held by the Custodian for customers, including, but not limited to, accounts in which the Custodian acts in a fiduciary or representative capacity and will be specifically allocated on the Custodian's books to the separate account for the applicable Series. Prior to the Custodian's accepting, utilizing and acting with respect to Clearing Member confirmations for Options and transactions in Options for a Series as provided in this Agreement, the Custodian shall have received a certified resolution of the Fund's Board of Trustees, substantially in the form of Exhibit C hereto, approving, authorizing and instructing the Custodian on a continuous and on-going basis, until instructed to the contrary by a Certificate, to accept, utilize and act in accordance with such confirmations as provided in this Agreement with respect to such Series. All securities are to be held or disposed of by the Custodian for, and subject at all times to the instructions of, the Fund pursuant to the terms of this Agreement. The Custodian shall have no power or authority to assign, hypothecate, pledge or otherwise dispose of any Securities except as provided by the terms of this Agreement, and shall have the sole power to release and deliver Securities held pursuant to this Agreement.

2. The Custodian shall establish and maintain separate accounts, in the name of each Series, and shall credit to the separate account for each Series all moneys received by it for the account of the Fund with respect to such Series. Such moneys will be held in such manner and account as the Fund and the Custodian shall agree upon in writing from time to time. Money credited to a separate account for a Series shall be subject only to drafts, orders, or charges of the Custodian pursuant to this Agreement and shall be disbursed by the Custodian only:

(a) As hereinafter provided;

(b) Pursuant to Resolutions of the Fund's Board of Trustees certified by an Officer and by the Secretary or Assistant Secretary of the Fund setting forth the name and address of the person to whom the payment is to be made, the Series account from which payment is to be made, the purpose for which payment is to be made, and declaring such purpose to be a proper corporate purpose; provided, however, that amounts

representing dividends or distributions with respect to Shares shall be paid only to the Transfer Agent Account;

(c) In payment of the fees and in reimbursement of the expenses and liabilities of the Custodian attributable to such Series and authorized by this Agreement; or

(d) Pursuant to Certificates to pay interest, taxes, management fees or operating expenses (including, without limitation thereto, Board of Trustees' fees and expenses, and fees for legal accounting and auditing services), which Certificates set forth the name and address of the person to whom payment is to be made, state the purpose of such payment and designate the Series for whose account the payment is to be made.

3. Promptly after the close of business on each day, the Custodian shall furnish the Fund with confirmations and a summary, on a per Series basis, of all transfers to or from the account of the Fund for a Series, either hereunder or with any co-custodian or sub-custodian appointed in accordance with this Agreement during said day. Where Securities are transferred to the account of the Fund for a Series but held in a Depository, the Custodian shall upon such transfer also by book-entry or otherwise identify such Securities as belonging to such Series in a fungible bulk of Securities registered in the name of the Custodian (or its nominee) or shown on the Custodian's account on the books of the Book-Entry System or the Depository. At least monthly and from time to time, the Custodian shall furnish the Fund with a detailed statement, on a per Series basis, of the Securities and moneys held under this Agreement for the Fund.

4. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, all Securities held by the Custodian hereunder, which are issued or issuable only in bearer form, except such Securities as are held in the Book-Entry System, shall be held by the Custodian in that form; all other Securities held hereunder may be registered in the name of the Fund, in the name of any duly appointed registered nominee of the Custodian as the Custodian may from time to time determine, or in the name of the Book-Entry System or a Depository or their successor or successors, or their nominee or nominees. The Fund agrees to furnish to the Custodian appropriate instruments to enable the Custodian to hold or deliver in proper form for transfer, or to register in the name of its registered nominee or in the name of the Book-Entry System or a Depository any Securities which it may hold hereunder and which may from time to time be registered in the name of the Fund. The Custodian shall hold all such

Securities specifically allocated to a Series which are not held in the Book-Entry System or in a Depository in a separate account in the name of such Series physically segregated at all times from those of any other person or persons.

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5. Except as otherwise provided in this Agreement and unless otherwise instructed to the contrary by a Certificate, the Custodian by itself, or through the use of the Book-Entry System or a Depository with respect to Securities held hereunder and therein deposited, shall with respect to all Securities held for the Fund hereunder in accordance with preceding paragraph 4:

(a) Promptly collect all income and dividends due or payable;

(b) Promptly give notice to the Fund and promptly present for payment and collect the amount of money or other consideration payable upon such Securities which are called, but only if either (i) the Custodian receives a written notice of such call, or (ii) notice of such call appears in one or more of the publications listed in Appendix D annexed hereto, which may be amended at any time by the Custodian without the prior consent of the Fund, provided the Custodian gives prior notice of such amendment to the Fund;

(c) Promptly present for payment and collect for the Fund's account the amount payable upon all Securities which mature;

(d) Promptly surrender Securities in temporary form in exchange for definitive Securities;

(e) Promptly execute, as custodian, any necessary declarations or certificates of ownership under the Federal Income Tax Laws or the laws or regulations of any other taxing authority now or hereafter in effect;

(f) Hold directly, or through the Book-Entry System or the Depository with respect to Securities therein deposited, for the account of a Series, all rights and similar securities issued with respect to any Securities held by the Custodian for such Series hereunder; and

(g) Promptly deliver to the Fund all notices, proxies, proxy soliciting materials, consents and other written information (including, without limitation, notices of tender offers and exchange offers, pendency of calls, maturities of Securities and expiration of rights) relating to Securities held pursuant to this Agreement which are actually received by the Custodian, such proxies and other similar materials to be executed by the registered holder (if Securities are registered otherwise than in the name of the Fund), but without indicating the manner in which proxies or consents are to be voted.

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6. Upon receipt of a Certificate and not otherwise, the Custodian, directly or through the use of the Book-Entry System or the Depository, shall:

(a) Promptly execute and deliver to such persons as may be designated in such Certificate proxies, consents, authorizations, and any other instruments whereby the authority of the Fund as owner of any Securities held hereunder for the Series specified in such Certificate may be exercised;

(b) Promptly deliver any Securities held hereunder for the Series specified in such Certificate in exchange for other Securities or cash issued or paid in connection with the liquidation, reorganization, refinancing, merger, consolidation or recapitalization of any corporation, or the exercise of any right, warrant or conversion privilege and receive and hold hereunder specifically allocated to such Series any cash or other Securities received in exchange;

(c) Promptly deliver any Securities held hereunder for the Series specified in such Certificate to any protective committee, reorganization committee or other person in connection with the reorganization, refinancing, merger, consolidation, recapitalization or sale of assets of any corporation, and receive and hold hereunder specifically allocated to such Series in exchange therefor such certificates of deposit, interim receipts or other instruments or documents as may be issued to it to evidence such delivery or such Securities as may be issued upon such delivery; and

(d) Promptly present for payment and collect the amount payable upon Securities which may be called as specified in the Certificate.

7. Notwithstanding any provision elsewhere contained herein, the Custodian shall not be required to obtain possession of any instrument or certificate representing any Futures Contract, any Option, or any Futures Contract Option until after it shall have determined, or shall have received a Certificate from the Fund stating, that any such instruments or certificates are available. The Fund shall deliver to the Custodian such a Certificate no later than the business day preceding the availability of any such instrument or certificate. Prior to such availability, the Custodian shall comply with Section 17(f) of the Investment Company Act of 1940 in connection with the purchase, sale, settlement, closing out or writing of Futures Contracts, Options, or Futures Contract Options by making payments or deliveries specified in Certificates in connection with any such purchase, sale, writing, settlement or closing out upon its receipt from a broker, dealer, or futures commission merchant of a statement or confirmation reasonably believed by the Custodian to be in the form customarily used by brokers, dealers, or future

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commission merchants with respect to such Futures Contracts, Options, or Futures Contract Options, as the case may be, confirming that such Security is held by such broker, dealer or futures commission merchant, in book-entry form or otherwise, in the name of the Custodian (or any nominee of the Custodian) as custodian for the Fund, provided, however, that notwithstanding the foregoing, payments to or deliveries from the Margin Account and payments with respect to Securities to which a Margin Account relates, shall be made in accordance with the terms and conditions of the Margin Account Agreement. Whenever any such instruments or certificates are available, the Custodian shall, notwithstanding any provision in this Agreement to the contrary, make payment for any Futures Contract, Option, or Futures Contract Option for which such instruments or such certificates are available only against the delivery to the Custodian of such instrument or such certificate, and deliver any Futures Contract, Option or Futures Contract Option for which such instruments or such certificates are available only against receipt by the Custodian of payment therefor. Any such instrument or certificate delivered to the Custodian shall be held by the Custodian hereunder in accordance with, and subject to, the provisions of this Agreement.

ARTICLE IV

PURCHASE AND SALE OF INVESTMENTS OF THE FUND

OTHER THAN OPTIONS, FUTURES CONTRACTS AND

FUTURES CONTRACT OPTIONS

1. Promptly after each execution of a purchase of Securities by the Fund, other than a purchase of an Option, a Futures Contract, or a Futures Contract Option, the Fund shall deliver to the Custodian (i) with respect to each purchase of Securities which are not Money Market Securities, a Certificate, and (ii) with respect to each purchase of Money Market Securities, a Certificate, Oral Instructions or Written Instructions, specifying with respect to each such purchase: (a) the Series to which such Securities are to be specifically allocated; (b) the name of the issuer and the title of the Securities; (c) the number of shares or the principal amount purchased and accrued interest, if any; (d) the date of purchase and settlement; (e) the purchase price per unit; (f) the total amount payable upon such purchase; (g) the name of the person from whom or the broker through whom the purchase was made, and the name of the clearing broker, if any; and (h) the name of the broker to whom payment is to be made. The Custodian shall, upon receipt of such Securities purchased by or for the Fund, pay to the broker specified in

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the Certificate out of the moneys held for the account of such Series the total amount payable upon such purchase, provided that the same conforms to the total amount payable as set forth in such Certificate, Oral Instructions or Written Instructions.

2. Promptly after each execution of a sale of Securities by the Fund, other than a sale of any Option, Futures Contract, Futures Contract Option, or any Reverse Repurchase Agreement, the Fund shall deliver such to the Custodian (i) with respect to each sale of Securities which are not Money Market Securities, a Certificate, and (ii) with respect to each sale of Money Market Securities, a Certificate, Oral Instructions or Written Instructions, specifying with respect to each such sale: (a) the Series to which such Securities were specifically allocated; (b) the name of the issuer and the title of the Security; (c) the number of shares or principal amount sold, and accrued interest, if any; (d) the

date of sale and settlement; (e) the sale price per unit; (f) the total amount payable to the Fund upon such sale; (g) the name of the broker through whom or the person to whom the sale was made, and the name of the clearing broker, if any; and (h) the name of the broker to whom the Securities are to be delivered. On the settlement date, the Custodian shall deliver the Securities specifically allocated to such Series to the broker in accordance with generally accepted street practices and as specified in the Certificate upon receipt of the total amount payable to the Fund upon such sale, provided that the same conforms to the total amount payable as set forth in such Certificate, Oral Instructions or Written Instructions.

ARTICLE V

OPTIONS

1. Promptly after each execution of a purchase of any Option by the Fund other than a closing purchase transaction the Fund shall deliver to the Custodian a Certificate specifying with respect to each Option purchased: (a) the Series to which such Option is specifically allocated; (b) the type of Option (put or call); (c) the instrument, currency, or Security underlying such Option and the number of Options, or the name of the in the case of an Index Option, the index to which such Option relates and the number of Index Options purchased; (d) the expiration date; (e) the exercise price; (f) the dates of purchase and settlement; (g) the total amount payable by the Fund in connection with such purchase; and (h) the name of the Clearing Member through whom such Option was purchased. The Custodian shall pay, upon receipt of a Clearing Member's statement confirming the purchase of such Option held by such Clearing Member for the account of the Custodian (or any duly appointed and registered nominee of the

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Custodian) as custodian for the Fund, out of moneys held for the account of the Series to which such Option is to be specifically allocated, the total amount payable upon such purchase to the Clearing Member through whom the purchase was made, provided that the same conforms to the total amount payable as set forth in such Certificate.

2. Promptly after the execution of a sale of any Option purchased by the Fund, other than a closing sale transaction, pursuant to paragraph 1 hereof, the Fund shall deliver to the

Custodian a Certificate specifying with respect to each such sale: (a) the Series to which such Option was specifically allocated; (b) the type of Option (put or call); (c) the instrument, currency, or Security underlying such Option and the number of Options, or the name of the issuer and the title and number of shares subject to such Option or, in the case of a Index Option, the index to which such Option relates and the number of Index Options sold; (d) the date of sale; (e) the sale price; (f) the date of settlement; (g) the total amount payable to the Fund upon such sale; and (h) the name of the Clearing Member through whom the sale was made. The Custodian shall consent to the delivery of the Option sold by the Clearing Member which previously supplied the confirmation described in preceding paragraph 1 of this Article with respect to such Option against payment to the Custodian of the total amount payable to the Fund, provided that the same conforms to the total amount payable as set forth in such Certificate.

3. Promptly after the exercise by the Fund of any Call Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Call Option: (a) the Series to which such Call Option was specifically allocated; (b) the name of the issuer and the title and number of shares subject to the Call Option; (c) the expiration date; (d) the date of exercise and settlement; (e) the exercise price per share; (f) the total amount to be paid by the Fund upon such exercise; and (g) the name of the Clearing Member through whom such Call Option was exercised. The Custodian shall, upon receipt of the Securities underlying the Call Option which was exercised, pay out of the moneys held for the account of the Series to which such Call Option was specifically allocated the total amount payable to the Clearing Member through whom the Call Option was exercised, provided that the same conforms to the total amount payable as set forth in such Certificate.

4. Promptly after the exercise by the Fund of any Put Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Put Option: (a) the Series to which such Put Option was specifically allocated; (b) the name of the issuer and the title and number of shares subject to the Put Option; (c) the expiration date; (d) the date of exercise

and settlement; (e) the exercise price per share; (f) the total amount to be paid to the Fund upon such exercise; and (g) the name of the Clearing Member through whom such Put Option was exercised. The Custodian shall, upon receipt of the amount payable upon the exercise of the Put Option, deliver or direct a Depository to deliver the Securities specifically allocated to such Series, provided the same conforms to the amount payable to the Fund as set forth in such Certificate.

5. Promptly after the exercise by the Fund of any Index Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Index Option: (a) the Series to which such Index Option was specifically allocated; (b) the type of Index Option (put or call); (c) the number of Options being exercised; (d) the index to which such Option relates; (e) the expiration date; (f) the exercise price; (g) the total amount to be received by the Fund in connection with such exercise; and (h) the Clearing Member from whom such payment is to be received.

6. Whenever the Fund writes a Covered Call Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Covered Call Option: (a) the Series for which such Covered Call Option was written; (b) the name of the issuer and the title and number of shares for which the Covered Call Option was written and which underlie the same; (c) the expiration date; (d) the exercise price; (e) the premium to be received by the Fund; (f) the date such Covered Call Option was written; and (g) the name of the Clearing Member through whom the premium is to be received. The Custodian shall deliver or cause to be delivered, in exchange for receipt of the premium specified in the Certificate with respect to such Covered Call Option, such receipts as are required in accordance with the customs prevailing among Clearing Members dealing in Covered Call Options and shall impose, or direct a Depository to impose, upon the underlying Securities specified in the Certificate specifically allocated to such Series such restrictions as may be required by such receipts. Notwithstanding the foregoing, the Custodian has the right, upon prior written notification to the Fund, at any time to refuse to issue any receipts for Securities in the possession of the Custodian and not deposited with a Depository underlying a Covered Call Option.

7. Whenever a Covered Call Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall promptly deliver to the Custodian a Certificate instructing the Custodian to deliver, or to direct the Depository to deliver, the Securities subject to such Covered Call Option and specifying: (a) the Series for which

such Covered Call Option was written; (b) the name of the issuer and the title and number of shares subject to the Covered Call Option; (c) the Clearing Member to whom the underlying

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Securities are to be delivered; and (d) the total amount payable to the Fund upon such delivery. Upon the return and/or cancellation of any receipts delivered pursuant to paragraph 6 of this Article, the Custodian shall deliver, or direct a Depository to deliver, the underlying Securities as specified in the Certificate against payment of the amount to be received as set forth in such Certificate.

8. Whenever the Fund writes a Put Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Put Option: (a) the Series for which such Put Option was written; (b) the name of the issuer and the title and number of shares for which the Put Option is written and which underlie the same; (c) the expiration date; (d) the exercise price; (e) the premium to be received by the Fund; (f) the date such Put Option is written; (g) the name of the Clearing Member through whom the premium is to be received and to whom a Put Option guarantee letter is to be delivered; (h) the amount of cash, and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in the Senior Security Account for such Series; and (i) the amount of cash and/or the amount and kind of Securities specifically allocated to such Series to be deposited into the Collateral Account for such Series. The Custodian shall, after making the deposits into the Collateral Account specified in the Certificate, issue a Put Option guarantee letter substantially in the form utilized by the Custodian on the date hereof, and deliver the same to the Clearing Member specified in the Certificate against receipt of the premium specified in said Certificate. Notwithstanding the foregoing, the Custodian shall be under no obligation to issue any Put Option guarantee letter or similar document if it is unable to make any of the representations contained therein.

9. Whenever a Put Option written by the Fund and described in the preceding paragraph is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the Series to which such Put Option was written; (b) the name of the issuer and title and number of shares subject to the Put Option; (c) the Clearing Member from whom the underlying Securities are to be received; (d) the total amount

payable by the Fund upon such delivery; (e) the amount of cash and/or the amount and kind of Securities specifically allocated to such Series to be withdrawn from the Collateral Account for such Series and (f) the amount of cash and/or the amount and kind of Securities, specifically allocated to such Series, if any, to be withdrawn from the Senior Security Account. Upon the return and/or cancellation of any Put Option guarantee letter or similar document issued by the Custodian in connection with such Put Option, the Custodian shall pay out of the moneys held for the account of the Series to which such Put Option was specifically allocated the total amount payable to the Clearing Member specified in the Certificate as set forth in such Certificate, against delivery of such

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Securities, and shall make the withdrawals specified in such Certificate.

10. Whenever the Fund writes an Index Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Index Option: (a) the Series for which such Index Option was written; (b) whether such Index Option is a put or a call; (c) the number of options written; (d) the index to which such Option relates; (e) the expiration date; (f) the exercise price; (g) the Clearing Member through whom such Option was written; (h) the premium to be received by the Fund; (i) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in the Senior Security Account for such Series; (j) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in the Collateral Account for such Series; and (k) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in a Margin Account, and the name in which such account is to be or has been established. The Custodian shall, upon receipt of the premium specified in the Certificate, make the deposits, if any, into the Senior Security Account specified in the Certificate, and either (1) deliver such receipts, if any, which the Custodian has specifically agreed to issue, which are in accordance with the customs prevailing among Clearing Members in Index Options and make the deposits into the Collateral Account specified in the Certificate, or (2) make the deposits into the Margin Account specified in the Certificate.

11. Whenever an Index Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Index Option: (a) the Series for which such Index Option was written; (b) such information as may be necessary to identify the Index Option being exercised; (c) the Clearing Member through whom such Index Option is being exercised; (d) the total amount payable upon such exercise, and whether such amount is to be paid by or to the Fund; (e) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Margin Account; and (f) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Senior Security Account for such Series; and the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account for such Series. Upon the return and/or cancellation of the receipt, if any, delivered pursuant to the preceding paragraph of this Article, the Custodian shall pay out of the moneys held for the account of the Series to which such Stock Index Option was specifically allocated to the Clearing Member specified in the Certificate the total amount payable, if any, as specified therein.

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12. Promptly after the execution of a purchase or sale by the Fund of any Option identical to a previously written Option described in paragraphs, 6, 8 or 10 of this Article in a transaction expressly designated as a "Closing Purchase Transaction" or a "Closing Sale Transaction", the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to the Option being purchased: (a) that the transaction is a Closing Purchase Transaction or a Closing Sale Transaction; (b) the Series for which the Option was written; (c) the instrument, currency, or Security subject to the Option, or, in the case of an Index Option, the index to which such Option relates and the number of Options held; (d) the exercise price; (e) the premium to be paid by or the amount to be paid to the Fund; (f) the expiration date; (g) the type of Option (put or call); (h) the date of such purchase or sale; (i) the name of the Clearing Member to whom the premium is to be paid or from whom the amount is to be received; and (j) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account, a specified Margin Account, or the Senior Security Account for such Series. Upon the Custodian's payment of the premium or receipt of the amount, as the case may be, specified in the Certificate and the return and/or

cancellation of any receipt issued pursuant to paragraphs 6, 8 or 10 of this Article with respect to the Option being liquidated through the Closing Purchase Transaction or the Closing Sale Transaction, the Custodian shall remove, or direct a Depository to remove, the previously imposed restrictions on the Securities underlying the Call Option.

13. Upon the expiration, exercise or consummation of a Closing Purchase Transaction with respect to any Option purchased or written by the Fund and described in this Article, the Custodian shall delete such Option from the statements delivered to the Fund pursuant to paragraph 3 Article III herein, and upon the return and/or cancellation of any receipts issued by the Custodian, shall make such withdrawals from the Collateral Account, and the Margin Account and/or the Senior Security Account as may be specified in a Certificate received in connection with such expiration, exercise, or consummation.

14. Securities acquired by the Fund through the exercise of an Option described in this Article shall be subject to Article IV hereof.

ARTICLE VI

FUTURES CONTRACTS

1. Whenever the Fund shall enter into a Futures Contract, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Futures Contract,

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(or with respect to any number of identical Futures Contract(s)): (a) the Series for which the Futures Contract is being entered; (b) the category of Futures Contract (the name of the underlying index or financial instrument); (c) the number of identical Futures Contracts entered into; (d) the delivery or settlement date of the Futures Contract(s); (e) the date the Futures Contract(s) was (were) entered into and the maturity date; (f) whether the Fund is buying (going long) or selling (going short) such Futures Contract(s); (g) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Senior Security Account for such Series; (h) the name of the broker, dealer, or futures commission merchant through whom the Futures Contract was entered into; and (i) the amount of fee or commission, if any, to be paid and the name of the broker, dealer, or futures commission

merchant to whom such amount is to be paid. The Custodian shall make the deposits, if any, to the Margin Account in accordance with the terms and conditions of the Margin Account Agreement. The Custodian shall make payment out of the moneys specifically allocated to such Series of the fee or commission, if any, specified in the Certificate and deposit in the Senior Security Account for such Series the amount of cash and/or the amount and kind of Securities specified in said Certificate.

2. (a) Any variation margin payment or similar payment required to be made by the Fund to a broker, dealer, or futures commission merchant with respect to an outstanding Futures Contract shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

(b) Any variation margin payment or similar payment from a broker, dealer, or futures commission merchant to the Fund with respect to an outstanding Futures Contract shall be received and dealt with by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

3. Whenever a Futures Contract held by the Custodian hereunder is retained by the Fund until delivery or settlement is made on such Futures Contract, the Fund shall deliver to the Custodian prior to the delivery or settlement date a Certificate specifying: (a) the Futures Contract and the Series to which the same relates; (b) with respect to an Index Futures Contract, the total cash settlement amount to be paid or received, and with respect to a Financial Futures Contract, the Securities and/or amount of cash to be delivered or received; (c) the broker, dealer, or futures commission merchant to or from whom payment or delivery is to be made or received; and (d) the amount of cash and/or Securities to be withdrawn from the Senior Security Account for such Series. The Custodian shall make the payment or delivery specified in the Certificate, and delete such Futures Contract from the

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statements delivered to the Fund pursuant to paragraph 3 of Article III herein.

4. Whenever the Fund shall enter into a Futures Contract to offset a Futures Contract held by the Custodian hereunder, the Fund shall deliver to the Custodian a Certificate specifying: (a) the items of information required

in a Certificate described in paragraph 1 of this Article, and (b) the Futures Contract being offset. The Custodian shall make payment out of the money specifically allocated to such Series of the fee or commission, if any, specified in the Certificate and delete the Futures Contract being offset from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein, and make such withdrawals from the Senior Security Account for such Series as may be specified in such Certificate. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

ARTICLE VII

FUTURES CONTRACT OPTIONS

1. Promptly after the execution of a purchase of any Futures Contract Option by the Fund, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Futures Contract Option: (a) the Series to which such Option is specifically allocated; (b) the type of Futures Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option purchased; (d) the expiration date; (e) the exercise price; (f) the dates of purchase and settlement; (g) the amount of premium to be paid by the Fund upon such purchase; (h) the name of the broker or futures commission merchant through whom such option was purchased; and (i) the name of the broker, or futures commission merchant, to whom payment is to be made. The Custodian shall pay out of the moneys specifically allocated to such Series the total amount to be paid upon such purchase to the broker or futures commissions merchant through whom the purchase was made, provided that the same conforms to the amount set forth in such Certificate.

2. Promptly after the execution of a sale of any Futures Contract Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to each such sale: (a) Series to which such Futures Contract Option was specifically allocated; (b) the type of Future Contract Option (put or call); (c) the type of Futures Contract and such other

information as may be necessary to identify the Futures

Contract underlying the Futures Contract Option; (d) the date of sale; (e) the sale price; (f) the date of settlement; (g) the total amount payable to the Fund upon such sale; and (h) the name of the broker of futures commission merchant through whom the sale was made. The Custodian shall consent to the cancellation of the Futures Contract Option being closed against payment to the Custodian of the total amount payable to the Fund, provided the same conforms to the total amount payable as set forth in such Certificate.

3. Whenever a Futures Contract Option purchased by the Fund pursuant to paragraph 1 is exercised by the Fund, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the Series to which such Futures Contract Option was specifically allocated; (b) the particular Futures Contract Option (put or call) being exercised; (c) the type of Futures Contract underlying the Futures Contract Option; (d) the date of exercise; (e) the name of the broker or futures commission merchant through whom the Futures Contract Option is exercised; (f) the net total amount, if any, payable by the Fund; (g) the amount, if any, to be received by the Fund; and (h) the amount of cash and/or the amount and kind of Securities to be deposited in the Senior Security Account for such Series. The Custodian shall make, out of the moneys and Securities specifically allocated to such Series, the payments of money, if any, and the deposits of Securities, if any, into the Senior Security Account as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

4. Whenever the Fund writes a Futures Contract Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Futures Contract Option: (a) the Series for which such Futures Contract Option was written; (b) the type of Futures Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option; (d) the expiration date; (e) the exercise price; (f) the premium to be received by the Fund; (g) the name of the broker or futures commission merchant through whom the premium is to be received; and (h) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Senior Security Account for such Series. The Custodian shall, upon receipt of the premium specified in the Certificate, make out of the moneys and Securities specifically allocated to such Series the deposits into the Senior Security Account, if any, as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

5. Whenever a Futures Contract Option written by the Fund which is a call is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the Series to which such Futures Contract Option was specifically allocated; (b) the particular Futures Contract Option exercised; (c) the type of Futures Contract underlying the Futures Contract Option; (d) the name of the broker or futures commission merchant through whom such Futures Contract Option was exercised; (e) the net total amount, if any, payable to the Fund upon such exercise; (f) the net total amount, if any, payable by the Fund upon such exercise; and (g) the amount of cash and/or the amount and kind of Securities to be deposited in the Senior Security Account for such Series. The Custodian shall, upon its receipt of the net total amount payable to the Fund, if any, specified in such Certificate make the payments, if any, and the deposits, if any, into the Senior Security Account as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

6. Whenever a Futures Contract Option which is written by the Fund and which is a put is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the Series to which such Option was specifically allocated; (b) the particular Futures Contract Option exercised; (c) the type of Futures Contract underlying such Futures Contract Option; (d) the name of the broker or futures commission merchant through whom such Futures Contract Option is exercised; (e) the net total amount, if any, payable to the Fund upon such exercise; (f) the net total amount, if any, payable by the Fund upon such exercise; and (g) the amount and kind of Securities and/or cash to be withdrawn from or deposited in, the Senior Security Account for such Series, if any. The Custodian shall, upon its receipt of the net total amount payable to the Fund, if any, specified in the Certificate, make out of the moneys and Securities specifically allocated to such Series, the payments, if any, and the deposits, if any, into the Senior Security Account as specified in the Certificate. The deposits to and/or withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

7. Promptly after the execution by the Fund of a purchase of any Futures Contract Option identical to a previously written Futures Contract Option described in this Article in order to liquidate its position as a writer of such Futures Contract Option, the Fund shall deliver to the Custodian a Certificate specifying with respect to the Futures Contract Option being purchased: (a) the Series to which such Option is specifically allocated; (b) that the transaction is a closing transaction; (c) the type of Future Contract and such other information as may be necessary to identify the

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Futures Contract underlying the Futures Option Contract; (d) the exercise price; (e) the premium to be paid by the Fund; (f) the expiration date; (g) the name of the broker or futures commission merchant to whom the premium is to be paid; and (h) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Senior Security Account for such Series. The Custodian shall effect the withdrawals from the Senior Security Account specified in the Certificate. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

8. Upon the expiration, exercise, or consummation of a closing transaction with respect to, any Futures Contract Option written or purchased by the Fund and described in this Article, the Custodian shall (a) delete such Futures Contract Option from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein and, (b) make such withdrawals from and/or in the case of an exercise such deposits into the Senior Security Account as may be specified in a Certificate. The deposits to and/or withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

9. Futures Contracts acquired by the Fund through the exercise of a Futures Contract Option described in this Article shall be subject to Article VI hereof.

ARTICLE VIII

SHORT SALES

1. Promptly after the execution of any short sales of Securities by any Series of the Fund, the Fund shall deliver

to the Custodian a Certificate specifying: (a) the Series for which such short sale was made; (b) the name of the issuer and the title of the Security; (c) the number of shares or principal amount sold, and accrued interest or dividends, if any; (d) the dates of the sale and settlement; (e) the sale price per unit; (f) the total amount credited to the Fund upon such sale, if any, (g) the amount of cash and/or the amount and kind of Securities, if any, which are to be deposited in a Margin Account and the name in which such Margin Account has been or is to be established; (h) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in a Senior Security Account, and (i) the name of the broker through whom such short sale was made. The Custodian shall upon its receipt of a statement from such broker confirming such sale and that the total amount credited to the Fund upon such sale, if any, as specified in the Certificate is held by

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such broker for the account of the Custodian (or any nominee of the Custodian) as custodian of the Fund, issue a receipt or make the deposits into the Margin Account and the Senior Security Account specified in the Certificate.

2. Promptly after the execution of a purchase to close-out any short sale of Securities, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to each such closing out: (a) the Series for which such transaction is being made; (b) the name of the issuer and the title of the Security; (c) the number of shares or the principal amount, and accrued interest or dividends, if any, required to effect such closing-out to be delivered to the broker; (d) the dates of closing-out and settlement; (e) the purchase price per unit; (f) the net total amount payable to the Fund upon such closing-out; (g) the net total amount payable to the broker upon such closing-out; (h) the amount of cash and the amount and kind of Securities to be withdrawn, if any, from the Margin Account; (i) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Senior Security Account; and (j) the name of the broker through whom the Fund is effecting such closing-out. The Custodian shall, upon receipt of the net total amount payable to the Fund upon such closing-out, and the return and/or cancellation of the receipts, if any, issued by the Custodian with respect to the short sale being closed-out, pay out of the moneys held for the account of the Fund to the broker the net total amount payable to the broker, and make the withdraw-

als from the Margin Account and the Senior Security Account, as the same are specified in the Certificate.

ARTICLE IX

REVERSE REPURCHASE AGREEMENTS

1. Promptly after the Fund enters a Reverse Repurchase Agreement with respect to Securities and money held by the Custodian hereunder, the Fund shall deliver to the Custodian a Certificate, or in the event such Reverse Repurchase Agreement is a Money Market Security, a Certificate, Oral Instructions, or Written Instructions specifying: (a) the Series for which the Reverse Repurchase Agreement is entered; (b) the total amount payable to the Fund in connection with such Reverse Repurchase Agreement and specifically allocated to such Series; (c) the broker, dealer, or financial institution with whom the Reverse Repurchase Agreement is entered; (d) the amount and kind of Securities to be delivered by the Fund to such broker, dealer, or financial institution; (e) the date of such Reverse Repurchase Agreement; and (f) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in a Senior Security Account for such Series in connection with such Reverse Repurchase Agreement. The Custodian shall, upon receipt of

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the total amount payable to the Fund specified in the Certificate, Oral Instructions, or Written Instructions make the delivery to the broker, dealer, or financial institution and the deposits, if any, to the Senior Security Account, specified in such Certificate, Oral Instructions, or Written Instructions.

2. Upon the termination of a Reverse Repurchase Agreement described in preceding paragraph 1 of this Article, the Fund shall promptly deliver a Certificate or, in the event such Reverse Repurchase Agreement is a Money Market Security, a Certificate, Oral Instructions, or Written Instructions to the Custodian specifying: (a) the Reverse Repurchase Agreement being terminated and the Series for which same was entered; (b) the total amount payable by the Fund in connection with such termination; (c) the amount and kind of Securities to be received by the Fund and specifically allocated to such Series in connection with such termination; (d) the date of termination; (e) the name of the broker, dealer, or financial institution with whom the Reverse Repurchase Agreement is to

be terminated; and (f) the amount of cash and/or the amount and kind of Securities to be withdrawn from the Senior Securities Account for such Series. The Custodian shall, upon receipt of the amount and kind of Securities to be received by the Fund specified in the Certificate, Oral Instructions, or Written Instructions, make the payment to the broker, dealer, or financial institution and the withdrawals, if any, from the Senior Security Account, specified in such Certificate, Oral Instructions, or Written Instructions.

3. The Certificates, Oral Instructions, or Written Instructions described in paragraphs 1 and 2 of this Article may with respect to any particular Reverse Repurchase Agreement be combined and delivered to the Custodian at the time of entering into such Reverse Repurchase Agreement.

ARTICLE X

LOANS OF PORTFOLIO SECURITIES OF THE FUND

1. Promptly after each loan of portfolio Securities specifically allocated to a Series held by the Custodian hereunder, the Fund shall deliver or cause to be delivered to the Custodian a Certificate specifying with respect to each such loan: (a) the Series to which the loaned Securities are specifically allocated; (b) the name of the issuer and the title of the Securities, (c) the number of shares or the principal amount loaned, (d) the date of loan and delivery, (e) the total amount to be delivered to the Custodian against the loan of the Securities, including the amount of cash collateral and the premium, if any, separately identified, and (f) the name of the broker, dealer, or financial institution

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to which the loan was made. The Custodian shall deliver the Securities thus designated to the broker, dealer or financial institution to which the loan was made upon receipt of the total amount designated in the Certificate as to be delivered against the loan of Securities. The Custodian may accept payment in connection with a delivery otherwise than through the Book-Entry System or a Depository only in the form of a certified or bank cashier's check payable to the order of the Fund or the Custodian drawn on New York Clearing House funds.

2. In connection with each termination of a loan of Securities by the Fund, the Fund shall deliver or cause to be delivered to the Custodian a Certificate specifying with respect to each such loan termination and return of Securi-

ties: (a) the Series to which the loaned Securities are specifically allocated; (b) the name of the issuer and the title of the Securities to be returned, (c) the number of shares or the principal amount to be returned, (d) the date of termination, (e) the total amount to be delivered by the Custodian (including the cash collateral for such Securities minus any offsetting credits as described in said Certificate), and (f) the name of the broker, dealer, or financial institution from which the Securities will be returned. The Custodian shall receive all Securities returned from the broker, dealer, or financial institution to which such Securities were loaned and upon receipt thereof shall pay, out of the moneys held for the account of the Fund, the total amount payable upon such return of Securities as set forth in the Certificate.

ARTICLE XI

CONCERNING MARGIN ACCOUNTS, SENIOR SECURITY

ACCOUNTS, AND COLLATERAL ACCOUNTS

1. The Custodian shall establish a Senior Security Account and from time to time make such deposits thereto, or withdrawals therefrom, as specified in a Certificate. Such Certificate shall specify the Series for which such deposit or withdrawal is to be made and the amount of cash and/or the amount and kind of Securities specifically allocated to such Series to be deposited in, or withdrawn from, such Senior Security Account for such Series. In the event that the Fund fails to specify in a Certificate the Series, the name of the issuer, the title and the number of shares or the principal amount of any particular Securities to be deposited by the Custodian into, or withdrawn from, a Senior Securities Account, the Custodian shall be under no obligation to make any such deposit or withdrawal and shall promptly notify the Fund that no such deposit has been made.

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2. The Custodian shall make deliveries or payments from a Margin Account to the broker, dealer, futures commission merchant or Clearing Member in whose name, or for whose benefit, the account was established as specified in the Margin Account Agreement.

3. Amounts received by the Custodian as payments or

distributions with respect to Securities deposited in any Margin Account shall be dealt with in accordance with the terms and conditions of the Margin Account Agreement.

4. The Custodian shall have a continuing lien and security interest in and to any property at any time held by the Custodian in any Collateral Account described herein. In accordance with applicable law the Custodian may enforce its lien and realize on any such property whenever the Custodian has made payment or delivery pursuant to any Put Option guarantee letter or similar document or any receipt issued hereunder by the Custodian. In the event the Custodian should realize on any such property net proceeds which are less than the Custodian's obligations under any Put Option guarantee letter or similar document or any receipt, such deficiency shall be a debt owed the Custodian by the Fund within the scope of Article XIV herein.

5. On each business day the Custodian shall furnish the Fund with a statement with respect to each Margin Account in which money or Securities are held specifying as of the close of business on the previous business day: (a) the name of the Margin Account; (b) the amount and kind of Securities held therein; and (c) the amount of money held therein. The Custodian shall make available upon request to any broker, dealer, or futures commission merchant specified in the name of a Margin Account a copy of the statement furnished the Fund with respect to such Margin Account.

6. The Custodian shall establish a Collateral Account and from time to time shall make such deposits thereto as may be specified in a Certificate. Promptly after the close of business on each business day in which cash and/or Securities are maintained in a Collateral Account for any Series, the Custodian shall furnish the Fund with a statement with respect to such Collateral Account specifying the amount of cash and/or the amount and kind of Securities held therein. No later than the close of business next succeeding the delivery to the Fund of such statement, the Fund shall furnish to the Custodian a Certificate or Written Instructions specifying the then market value of the Securities described in such statement. In the event such then market value is indicated to be less than the Custodian's obligation with respect to any outstanding Put Option guarantee letter or similar document,

the Fund shall promptly specify in a Certificate the additional cash and/or Securities to be deposited in such Collateral Account to eliminate such deficiency.

ARTICLE XII

PAYMENT OF DIVIDENDS OR DISTRIBUTIONS

1. The Fund shall furnish to the Custodian a copy of the resolution of the Board of Trustees of the Fund, certified by the Secretary, the Clerk, any Assistant Secretary or any Assistant Clerk, either (i) setting forth with respect to the Series specified therein the date of the declaration of a dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per Share of such Series to the shareholders of record as of that date and the total amount payable to the Dividend Agent and any sub-dividend agent or co-dividend agent of the Fund on the payment date, or (ii) authorizing with respect to the Series specified therein and the declaration of dividends and distributions thereon the Custodian to rely on Oral Instructions, Written Instructions, or a Certificate setting forth the date of the declaration of such dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per Share of such Series to the shareholders of record as of that date and the total amount payable to the Dividend Agent on the payment date.

2. Upon the payment date specified in such resolution, Oral Instructions, Written Instructions, or Certificate, as the case may be, the Custodian shall pay to the Transfer Agent Account out of the moneys held for the account of the Series specified therein the total amount payable to the Dividend Agent and any sub-dividend agent or co-dividend agent of the Fund with respect to such Series.

ARTICLE XIII

SALE OF SHARES

1. Whenever the Fund shall sell any Shares, it shall deliver or cause to be delivered, to the Custodian a Certificate duly specifying:

(a) The Series, the number of Shares sold, trade date, and price; and

(b) The amount of money to be received by the Custodian for the sale of such Shares and specifically allocated to the separate account in the name of such Series.

2. Upon receipt of such money from the Transfer Agent, the Custodian shall credit such money to the separate account in the name of the Series for which such money was received.

3. Upon issuance of any Shares of any Series the Custodian shall pay, out of the money held for the account of such Series, all original issue or other taxes required to be paid by the Fund in connection with such issuance upon the receipt of a Certificate specifying the amount to be paid.

ARTICLE XIV

OVERDRAFTS OR INDEBTEDNESS

1. If the Custodian, should in its sole discretion advance funds on behalf of any Series which results in an overdraft because the moneys held by the Custodian in the separate account for such Series shall be insufficient to pay the total amount payable upon a purchase of Securities specifically allocated to such Series, as set forth in a Certificate, Oral Instructions, or Written Instructions or which results in an overdraft in the separate account of such Series for some other reason, or if the Fund is for any other reason indebted to the Custodian with respect to a Series, (except a borrowing for investment or for temporary or emergency purposes using Securities as collateral pursuant to a separate agreement and subject to the provisions of paragraph 2 of this Article), such overdraft or indebtedness shall be deemed to be a loan made by the Custodian to the Fund for such Series payable on demand and shall bear interest from the date incurred at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds Rate plus 1/2%, such rate to be adjusted on the effective date of any change in such Federal Funds Rate but in no event to be less than 6% per annum. In addition, the Fund hereby agrees that the Custodian shall have a continuing lien and security interest in the aggregate amount of such overdrafts and indebtedness as may from time to time exist in and to any property specifically allocated to such Series at any time held by it for the benefit of such Series or in which the Fund may have an interest which is then in the Custodian's possession or control or in possession or control of any third party acting in the Custodian's behalf. The Fund authorizes the Custodian, in its sole discretion, at any time to charge any such overdraft or indebtedness together with interest due thereon against any money balance of account standing to such

Fund hereby covenants that on each Business Day on which either it intends to enter a Reverse Repurchase Agreement and/or otherwise borrow from a third party, or which next succeeds a Business Day on which at the close of business the Fund had outstanding a Reverse Repurchase Agreement or such a borrowing, it shall prior to 9 a.m., New York City time, advise the Custodian, in writing, of each such borrowing, shall specify the Series to which the same relates, and shall not incur any indebtedness, including pursuant to any Reverse Repurchase Agreement, not so specified other than from the Custodian.

2. The Fund will cause to be delivered to the Custodian by any bank (including, if the borrowing is pursuant to a separate agreement, the Custodian) from which it borrows money for investment or for temporary or emergency purposes using Securities held by the Custodian hereunder as collateral for such borrowings, a notice or undertaking in the form currently employed by any such bank setting forth the amount which such bank will loan to the Fund against delivery of a stated amount of collateral. The Fund shall promptly deliver to the Custodian a Certificate specifying with respect to each such borrowing: (a) the Series to which such borrowing relates; (b) the name of the bank, (c) the amount and terms of the borrowing, which may be set forth by incorporating by reference an attached promissory note, duly endorsed by the Fund, or other loan agreement, (d) the time and date, if known, on which the loan is to be entered into, (e) the date on which the loan becomes due and payable, (f) the total amount payable to the Fund on the borrowing date, (g) the market value of Securities to be delivered as collateral for such loan, including the name of the issuer, the title and the number of shares or the principal amount of any particular Securities, and (h) a statement specifying whether such loan is for investment purposes or for temporary or emergency purposes and that such loan is in conformance with the Investment Company Act of 1940 and the Fund's prospectus. The Custodian shall deliver on the borrowing date specified in a Certificate the specified collateral and the executed promissory note, if any, against delivery by the lending bank of the total amount of the loan payable, provided that the same conforms to the total amount payable as set forth in the Certificate. The Custodian may, at the option of the lending bank, keep such collateral in its possession, but such collateral shall be subject to all rights

therein given the lending bank by virtue of any promissory note or loan agreement. The Custodian shall deliver such Securities as additional collateral as may be specified in a Certificate to collateralize further any transaction described in this paragraph. The Fund shall cause all Securities released from collateral status to be returned directly to the Custodian, and the Custodian shall receive from time to time such return of collateral as may be tendered to it. In the event that the Fund fails to specify in a Certificate the Series, the name of the issuer, the title and number of shares or the principal amount of any particular Securities to be

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delivered as collateral by the Custodian, to any such bank, the Custodian shall not be under any obligation to deliver any Securities.

ARTICLE XV

CONCERNING THE CUSTODIAN

1. The Custodian shall use reasonable care in the performance of its duties hereunder, and, except as hereinafter provided, neither the Custodian nor its nominee shall be liable for any loss or damage, including counsel fees, resulting from its action or omission to act or otherwise, either hereunder or under any Margin Account Agreement, except for any such loss or damage arising out of its own negligence, bad faith, or willful misconduct or that of its officers, employees, or agents. The Custodian may, with respect to questions of law arising hereunder or under any Margin Account Agreement, apply for and obtain the advice and opinion of counsel to the Fund, at the expense of the Fund, or of its own counsel, at its own expense, and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice or opinion. The Custodian shall be liable to the Fund for any loss or damage resulting from the use of the Book-Entry System or any Depository arising by reason of any negligence or willful misconduct on the part of the Custodian or any of its employees or agents.

2. Notwithstanding the foregoing, the Custodian shall be under no obligation to inquire into, and shall not be liable for:

(a) The validity (but not the authenticity) of the issue of any Securities purchased, sold, or written by or for

the Fund, the legality of the purchase, sale or writing thereof, or the propriety of the amount paid or received therefor, as specified in a Certificate, Oral Instructions, or Written Instructions;

(b) The legality of the sale or redemption of any Shares, or the propriety of the amount to be received or paid therefor, as specified in a Certificate;

(c) The legality of the declaration or payment of any dividend by the Fund, as specified in a resolution, Certificate, Oral Instructions, or Written Instructions;

(d) The legality of any borrowing by the Fund using Securities as collateral;

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(e) The legality of any loan of portfolio Securities, nor shall the Custodian be under any duty or obligation to see to it that the cash collateral delivered to it by a broker, dealer, or financial institution or held by it at any time as a result of such loan of portfolio Securities of the Fund is adequate collateral for the Fund against any loss it might sustain as a result of such loan, except that this subparagraph shall not excuse any liability the Custodian may have for failing to act in accordance with Article X hereof or any Certificate, Oral Instructions, or Written Instructions given in accordance with this Agreement. The Custodian specifically, but not by way of limitation, shall not be under any duty or obligation periodically to check or notify the Fund that the amount of such cash collateral held by it for the Fund is sufficient collateral for the Fund, but such duty or obligation shall be the sole responsibility of the Fund. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer or financial institution to which portfolio Securities of the Fund are lent pursuant to Article X of this Agreement makes payment to it of any dividends or interest which are payable to or for the account of the Fund during the period of such loan or at the termination of such loan, provided, however, that the Custodian shall promptly notify the Fund in the event that such dividends or interest are not paid and received when due; or

(f) The sufficiency or value of any amounts of money and/or Securities held in any Margin Account, Senior Security Account or Collateral Account in connection with

transactions by the Fund, except that this sub-paragraph shall not excuse any liability the Custodian may have for failing to establish, maintain, make deposits to or withdrawals from such accounts in accordance with this Agreement. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer, futures commission merchant or Clearing Member makes payment to the Fund of any variation margin payment or similar payment which the Fund may be entitled to receive from such broker, dealer, futures commission merchant or Clearing Member, to see that any payment received by the Custodian from any broker, dealer, futures commission merchant or Clearing Member is the amount the Fund is entitled to receive, or to notify the Fund of the Custodian's receipt or non-receipt of any such payment.

3. The Custodian shall not be liable for, or considered to be the Custodian of, any money, whether or not represented by any check, draft, or other instrument for the payment of money, received by it on behalf of the Fund until the Custodian actually receives such money directly or by the final crediting of the account representing the Fund's interest at the Book-Entry System or the Depository.

4. With respect to Securities held in a Depository, except as otherwise provided in paragraph 5(b) of Article III

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hereof, the Custodian shall have no responsibility and shall not be liable for ascertaining or acting upon any calls, conversions, exchange offers, tenders, interest rate changes or similar matters relating to such Securities, unless the Custodian shall have actually received timely notice from the Depository in which such Securities are held. In no event shall the Custodian have any responsibility or liability for the failure of a Depository to collect, or for the late collection or late crediting by a Depository of any amount payable upon Securities deposited in a Depository which may mature or be redeemed, retired, called or otherwise become payable. However, upon receipt of a Certificate from the Fund of an overdue amount on Securities held in a Depository the Custodian shall make a claim against the Depository on behalf of the Fund, except that the Custodian shall not be under any obligation to appear in, prosecute or defend any action suit or proceeding in respect to any Securities held by a Depository which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all

expense and liability be furnished as often as may be required, or alternatively, the Fund shall be subrogated to the rights of the Custodian with respect to such claim against the Depository should it so request in a Certificate. This paragraph shall not, however, excuse any failure by the Custodian to act in accordance with a Certificate, Oral Instructions, or Written Instructions given in accordance with this Agreement.

5. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount due to the Fund from the Transfer Agent of the Fund nor to take any action to effect payment or distribution by the Transfer Agent of the Fund of any amount paid by the Custodian to the Transfer Agent of the Fund in accordance with this Agreement.

6. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount if the Securities upon which such amount is payable are in default, or if payment is refused after the Custodian has timely and properly, in accordance with this Agreement, made due demand or presentation, unless and until (i) it shall be directed to take such action by a Certificate and (ii) it shall be assured to its satisfaction of reimbursement of its costs and expenses in connection with any such action, but the Custodian shall have such a duty if the Securities were not in default on the payable date and the Custodian failed to timely and properly make such demand for payment and such failure is the reason for the non-receipt of payment.

7. The Custodian may appoint one or more banking institutions as Sub-Custodian or Sub-Custodians, or as Co-Custodian or Co-Custodians including, but not limited to, banking institutions located in foreign countries, of Securities and moneys at any time owned by the Fund, upon such

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terms and conditions as may be approved in a Certificate or contained in an agreement executed by the Custodian, the Fund and the appointed institution.

8. The Custodian agrees to indemnify the Fund against and save the Fund harmless from all liability, claims, losses and demands whatsoever, including attorney's fees, howsoever arising or incurred because of the negligence, bad faith or willful misconduct of any Sub-Custodian of the Securities and

moneys owned by the Fund, provided such Sub-Custodian is a banking institution located in a foreign country and appointed by the Custodian pursuant to paragraph 7 of this Article.

9. The Custodian shall not be under any duty or obligation (a) to ascertain whether any Securities at any time delivered to, or held by it, for the account of the Fund and specifically allocated to a Series are such as properly may be held by the Fund or such Series under the provisions of its then current prospectus, or (b) to ascertain whether any transactions by the Fund, whether or not involving the Custodian, are such transactions as may properly be engaged in by the Fund.

10. The Custodian shall be entitled to receive and the Fund agrees to pay to the Custodian all reasonable out-of-pocket expenses and such compensation as may be agreed upon from time to time between the Custodian and the Fund. The Custodian may charge such compensation, and any such expenses with respect to a Series incurred by the Custodian in the performance of its duties under this Agreement against any money specifically allocated to such Series. The Custodian shall also be entitled to charge against any money held by it for the account of a Series the amount of any loss, damage, liability or expense, including counsel fees, for which it shall be entitled to reimbursement under the provisions of this Agreement attributable to, or arising out of, its serving as Custodian for such Series. The expenses for which the Custodian shall be entitled to reimbursement hereunder shall include, but are not limited to, the expenses of sub-custodians and foreign branches of the Custodian incurred in settling outside of New York City transactions involving the purchase and sale of Securities of the Fund. Notwithstanding the foregoing or anything else contained in this Agreement to the contrary, the Custodian shall, prior to effecting any charge for compensation, expenses, or any overdraft or indebtedness or interest thereon, submit an invoice therefor to the Fund.

11. The Custodian shall be entitled to rely upon any Certificate, notice or other instrument in writing, Oral Instructions, or Written Instructions received by the Custodian and reasonably believed by the Custodian to be genuine. The Fund agrees to forward to the Custodian a

or Written Instructions in such manner so that such Certificate or facsimile thereof is received by the Custodian, whether by hand delivery, telecopier or other similar device, or otherwise, by the close of business of the same day that such Oral Instructions or Written Instructions are given to the Custodian. The Fund agrees that the fact that such confirming instructions are not received by the Custodian shall in no way affect the validity of the transactions or enforceability of the transactions thereby authorized by the Fund. The Fund agrees that the Custodian shall incur no liability to the Fund in acting upon Oral Instructions or Written Instructions given to the Custodian hereunder concerning such transactions provided such instructions reasonably appear to have been received from an Authorized Person.

12. The Custodian shall be entitled to rely upon any instrument, instruction or notice received by the Custodian and reasonably believed by the Custodian to be given in accordance with the terms and conditions of any Margin Account Agreement. Without limiting the generality of the foregoing, the Custodian shall be under no duty to inquire into, and shall not be liable for, the accuracy of any statements or representations contained in any such instrument or other notice including, without limitation, any specification of any amount to be paid to a broker, dealer, futures commission merchant or Clearing Member. This paragraph shall not excuse any failure by the Custodian to have acted in accordance with any Margin Agreement it has executed or any Certificate, Oral Instructions, or Written Instructions given in accordance with this Agreement.

13. The books and records pertaining to the Fund, as described in Appendix E hereto, which are in the possession of the Custodian shall be the property of the Fund. Such books and records shall be prepared and maintained by the Custodian as required by the Investment Company Act of 1940, as amended, and other applicable securities laws and rules and regulations. The Fund, or the Fund's authorized representatives, shall have access to such books and records during the Custodian's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by the Custodian to the Fund or the Fund's authorized representative, and the Fund shall reimburse the Custodian its expenses of providing such copies. Upon reasonable request of the Fund, the Custodian shall provide in hard copy or on micro-film, whichever the Custodian elects, any records included in any such delivery which are maintained by the Custodian on a computer disc, or are similarly maintained, and the Fund shall reimburse the Custodian for its expenses of providing such hard copy or micro-film.

14. The Custodian shall provide the Fund with any report obtained by the Custodian on the system of internal accounting

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control of the Book-Entry System, each Depository or O.C.C., and with such reports on its own systems of internal accounting control as the Fund may reasonably request from time to time.

15. The Custodian shall furnish upon request annually to the Fund a letter prepared by the Custodian's accountants with respect to the Custodian's internal systems and controls in the form generally provided by the Custodian to other investment companies for which the Custodian acts as custodian.

16. The Fund agrees to indemnify the Custodian against and save the Custodian harmless from all liability, claims, losses and demands whatsoever, including attorney's fees, howsoever arising out of, or related to, the Custodian's performance of its obligations under this Agreement, except for any such liability, claim, loss and demand arising out of the Custodian's own negligence, bad faith, or willful misconduct or that of its officers, employees, or agents.

17. Subject to the foregoing provisions of this Agreement, the Custodian shall deliver and receive Securities, and receipts with respect to such Securities, and shall make and receive payments only in accordance with the customs prevailing from time to time among brokers or dealers in such Securities and, except as may otherwise be provided by this Agreement or as may be in accordance with such customs, shall make payment for Securities only against delivery thereof and deliveries of Securities only against payment therefor.

18. The Custodian shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation shall be implied in this Agreement against the Custodian.

ARTICLE XVI

TERMINATION

1. Except as provided in paragraph 3 of this Article, this Agreement shall continue until terminated by either the Custodian giving to the Fund, or the Fund giving to the Custodian, a notice in writing specifying the date of such

termination, which date shall be not less than 60 days after the date of the giving of such notice. In the event such notice or a notice pursuant to paragraph 3 of this Article is given by the Fund, it shall be accompanied by a copy of a resolution of the Board of Trustees of the Fund, certified by an Officer and the Secretary or an Assistant Secretary of the Fund, electing to terminate this Agreement and designating a successor custodian or custodians, each of which shall be eligible to serve as a custodian for the securities of a

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management investment company under the Investment Company Act of 1940. In the event such notice is given by the Custodian, the Fund shall, on or before the termination date, deliver to the Custodian a copy of a resolution of the Board of Trustees of the Fund, certified by the Secretary, the Clerk, any Assistant Secretary or any Assistant Clerk, designating a successor custodian or custodians. In the absence of such designation by the Fund, the Custodian may designate a successor custodian which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. Upon the date set forth in such notice this Agreement shall terminate, and the Custodian shall upon receipt of a notice of acceptance by the successor custodian on that date deliver directly to the successor custodian all Securities and moneys then owned by the Fund and held by it as Custodian, after deducting all fees, expenses and other amounts for the payment or reimbursement of which it shall then be entitled.

2. If a successor custodian is not designated by the Fund or the Custodian in accordance with the preceding paragraph, the Fund shall upon the date specified in the notice of termination of this Agreement and upon the delivery by the Custodian of all Securities (other than Securities held in the Book-Entry System which cannot be delivered to the Fund) and moneys then owned by the Fund be deemed to be its own custodian and the Custodian shall thereby be relieved of all duties and responsibilities pursuant to this Agreement, other than the duty with respect to Securities held in the Book Entry System which cannot be delivered to the Fund to hold such Securities hereunder in accordance with this Agreement.

3. Notwithstanding the foregoing, the Fund may terminate this Agreement upon the date specified in a written notice in the event of the "Bankruptcy" of The Bank of New

York. As used in this sub-paragraph, the term "Bankruptcy" shall mean The Bank of New York's making a general assignment, arrangement or composition with or for the benefit of its creditors, or instituting or having instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or the entry of a order for relief under any applicable bankruptcy law or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or if a petition is presented for the winding up or liquidation of the party or a resolution is passed for its winding up or liquidation, or it seeks, or becomes subject to, the appointment of an administrator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets or its taking any action in furtherance or, or indicating its consent to approval of, or acquiescence in, any of the foregoing.

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ARTICLE XVII

TERMINAL LINK

1. At no time and under no circumstances shall the Fund be obligated to have or utilize the Terminal Link, and the provisions of this Article shall apply if, but only if, the Fund in its sole and absolute discretion elects to utilize the Terminal Link to transmit Certificates to and to receive notices from the Custodian.

2. The parties hereto shall utilize the Terminal Link only for the purpose of the Fund providing Certificates to the Custodian and the Custodian providing notices to the Fund and only after the Fund and the Custodian shall have established access codes and internal safekeeping procedures to safeguard and protect the confidentiality and availability of such access codes. Each use of the Terminal Link by the Fund shall constitute a representation and warranty that at least two such access codes have been utilized and that such procedures have been established.

3. Each party shall obtain and maintain at its own cost and expense all equipment and services, including, but not limited to communications services, necessary for it to utilize the Terminal Link, and the other party shall not be responsible for the reliability or availability of any such equipment or services, except that the Custodian shall not pay any communications costs of any line leased by the Fund, even

if such line is also used by the Custodian.

4. The Fund acknowledges that any data bases made available as part of, or through the Terminal and any proprietary data, software, processes, information and documentation (other than any such which are or become part of the public domain or are legally required to be made available to the public) (collectively, the "Information"), are the exclusive and confidential property of the Custodian. The Fund shall, and shall cause others to which it discloses the Information, to keep the Information confidential by using the same care and discretion it uses with respect to its own confidential property and trade secrets, and shall neither make nor permit any disclosure without the express prior written consent of the Custodian.

5. Upon termination of this Agreement for any reason, each Fund shall return to the Custodian any and all copies of the Information which are in the Fund's possession or under its control, or which the Fund distributed to third parties. The provisions of this Article shall not affect the copyright status of any of the Information which may be copyrighted and shall apply to all Information whether or not copyrighted.

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6. The Custodian reserves the right to modify the Terminal Link from time to time without notice to the Fund, except that the Custodian shall give the Fund notice not less than 75 days in advance of any modification which would materially adversely affect the Fund's operation, and the Fund agrees not to modify or attempt to modify the Terminal Link without the Bank's prior written consent. The Fund acknowledges that the Terminal Link is the property of the Custodian and, accordingly, the Fund agrees that any modifications to the Terminal Link, whether by the Fund or the Custodian and whether with or without the Custodian's consent, shall become the property of the Custodian.

7. Neither the Custodian nor any manufacturers and suppliers it utilizes or the Fund utilizes in connection with the Terminal Link makes any warranties or representations, express or implied, in fact or in law, including but not limited to warranties of merchantability and fitness for a particular purpose.

8. Each party will, and will cause its officers and employees to, treat the user and authorization codes,

passwords and authentication keys applicable to Terminal Link with extreme care. Each party hereby irrevocably authorizes the other to act in accordance with and rely on Certificates and notices received by it through the Terminal Link. Each party acknowledges that it is its responsibility to assure that only its authorized persons use the Terminal Link on its behalf, and that a party shall not be responsible nor liable for use of the Terminal Link on its behalf of the other party by unauthorized persons except that the other party shall be liable for such use thereof by unauthorized persons who have obtained access thereto as a result of the bad faith or willful misconduct of such party or any of its officers or employees.

9. Notwithstanding anything else in this Agreement to the contrary, neither party shall have any liability to the other for any losses, damages, injuries, claims, costs or expenses arising as a result of a delay, omission or error in the transmission of a Certificate or notice by use of the Terminal Link except for money damages for those suffered as the result of the negligence, bad faith or willfull misconduct of such party or its officers, employees or agents in an amount not exceeding for any incident \$100,000, provided, however, that a party shall have no liability under this Section 9 if the other party fails to comply with the provisions of Section 11.

10. Without limiting the generality of the foregoing, it is hereby agreed that in no event shall either party or any manufacturer or supplier of its computer equipment, software or services relating to the Terminal Link be responsible for any special, indirect, incidental or consequential damages

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which the other party may incur or experience by reason of its use of the Terminal Link even if such party, manufacturer or supplier has been advised of the possibility of such damages, nor with respect to the use of the Terminal Link shall either party or any such manufacturer or supplier be liable for acts of God, or with respect to the following to the extent beyond such person's reasonable control: machine or computer breakdown or malfunction, interruption or malfunction of communication facilities, labor difficulties or any other similar or dissimilar cause.

11. The Fund shall notify the Custodian of any errors,

omissions or interruptions in, or delay or unavailability of, the Terminal Link as promptly as practicable, and in any event within 24 hours after the earliest of (i) discovery thereof, (ii) the business day on which discovery should have occurred through the exercise of reasonable care and (iii) in the case of any error, the date of actual receipt of the earliest notice which reflects such error, it being agreed that discovery and receipt of notice may only occur on a business day. The Custodian shall promptly advise the Fund whenever the Custodian learns of any errors, omissions or interruption in, or delay or unavailability of, the Terminal Link.

12. Each party shall, as soon as practicable after its receipt of a Certificate or of any notice transmitted by the Terminal Link, verify to the other party by use of the Terminal Link its receipt of such Certificate or notice, and in the absence of such verification a party to whom a Certificate or notice is sent shall not be liable for any failure to act in accordance with such Certificate or notice, and the sending party may not claim that such Certificate or notice was received by the other.

ARTICLE XVIII

MISCELLANEOUS

1. Annexed hereto as Appendix A is a Certificate signed by two of the present Officers of the Fund under its seal, setting forth the names and the signatures of the present Authorized Persons. The Fund agrees to furnish to the Custodian a new Certificate in similar form in the event that any such present Authorized Person ceases to be an Authorized Person or in the event that other or additional Authorized Persons are elected or appointed. Until such new Certificate shall be received, the Custodian shall be entitled to rely and to act upon Oral Instructions, Written Instructions, or signatures of the present Authorized Persons as set forth in the last delivered Certificate to the extent provided by this Agreement.

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2. Annexed hereto as Appendix B is a Certificate signed by two of the present Officers of the Fund under its seal, setting forth the names and the signatures of the present Officers of the Fund. The Fund agrees to furnish to the Custodian a new Certificate in similar form in the event any such present Officer ceases to be an Officer of the Fund, or in the event that other or additional Officers are elected or appointed. Until such new Certificate shall be received, the

Custodian shall be entitled to rely and to act upon the signatures of the Officers as set forth in the last delivered Certificate to the extent provided by this Agreement.

3. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Custodian, other than any Certificate or Written Instructions, shall be sufficiently given if addressed to the Custodian and mailed or delivered to it at its offices at 90 Washington Street, New York, New York 10286, or at such other place as the Custodian may from time to time designate in writing.

4. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Fund shall be sufficiently given if addressed to the Fund and mailed or delivered to it at its office at the address for the Fund first above written, or at such other place as the Fund may from time to time designate in writing.

5. This Agreement may not be amended or modified in any manner except by a written agreement executed by both parties with the same formality as this Agreement and approved by a resolution of the Board of Trustees of the Fund, except that Appendices A and B may be amended unilaterally by the Fund without such an approving resolution.

6. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by the Fund without the written consent of the Custodian, or by the Custodian or The Bank of New York without the written consent of the Fund, authorized or approved by a resolution of the Fund's Board of Trustees. For purposes of this paragraph, no merger, consolidation, or amalgamation of the Custodian, The Bank of New York, or the Fund shall be deemed to constitute an assignment of this Agreement.

7. This Agreement shall be construed in accordance with the laws of the State of New York without giving effect to conflict of laws principles thereof. Each party hereby consents to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute arising hereunder and hereby waives its right to trial by jury.

8. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

9. 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.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective Officers, thereunto duly authorized and their respective seals to be hereunto affixed, as of the day and year first above written.

INTERCAPITAL INSURED
MUNICIPAL SECURITIES

(SEAL)
Attest:

By: _____

(SEAL)

THE BANK OF NEW YORK
By: _____

Attest:

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APPENDIX A

I, _____, President and I, _____, of InterCapital Insured Municipal Securities, a Massachusetts business trust (the "Fund"), do hereby certify that:

The following individuals have been duly authorized by the Board of Trustees of the Fund in conformity with the Fund's Declaration of Trust and By-Laws to give Oral Instructions and Written Instructions on behalf of the Fund, except that those persons designated as being an "Officer of DWTC" shall be an Authorized Person only for purposes of Articles XII and XIII. The signatures set forth opposite their respective names are their true and correct signatures:

Name	Position	Signature
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APPENDIX B

I, _____, President and I, _____, of InterCapital Insured Municipal Securities, a Massachusetts business trust (the "Fund"), do hereby certify that:

The following individuals for whom a position other than "Officer of DWTC" is specified serve in the following positions with the Fund and each has been duly elected or appointed by the Board of Trustees of the Fund to each such position and qualified therefor in conformity with the Fund's Declaration of Trust and By-Laws. With respect to the

following individuals for whom a position of "Officer of DWTC" is specified, each such individual has been designated by a resolution of the Board of Trustees of the Fund to be an Officer for purposes of the Fund's Custody Agreement with The Bank of New York, but only for purposes of Articles XII and XIII thereof and a certified copy of such resolution is attached hereto. The signatures of each individual below set forth opposite their respective names are their true and correct signatures:

Name	Position	Signature
_____	_____	_____

APPENDIX C

The undersigned, _____, hereby certifies that he or she is the duly elected and acting _____ of InterCapital Insured Municipal Securities (the "Fund"), further certifies that the following resolutions were adopted by the Board of Trustees of the Fund at a meeting duly held on _____, 1993, at which a quorum at all times present and that such resolutions have not been modified or rescinded and are in full force an effect as of the date hereof.

RESOLVED, that The Bank New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of _____, 1993 (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis to act in accordance with, and to rely on instructions by the Fund to the Custodian communicated by a Terminal Link as defined in the Custody Agreement.

RESOLVED, that the Fund shall establish access codes and grant use of such access codes only to officers of the Fund as defined in the Custody Agreement, and shall establish internal safekeeping procedures to safeguard and protect the confidentiality and availability of such access codes.

RESOLVED, that Officers of the Fund as defined in the Custody Agreement shall, following the establishment of such access codes and such internal safekeeping procedures, advise the Custodian that the same have been established by delivering a Certificate, as defined in the Custody Agreement, and the Custodian shall be entitled to rely upon such advice.

IN WITNESS WHEREOF, I hereunto set my hand in the seal of

InterCapital Insured Municipal Securities, as of the day
of , 1993.

(SEAL)

APPENDIX D

I, Vincent Blazewicz, a Vice President with THE BANK OF
NEW YORK do hereby designate the following publications:

The Bond Buyer
Depository Trust Company Notices
Financial Daily Card Service
JJ Kenney Municipal Bond Service
London Financial Times
New York Times
Standard & Poor's Called Bond Record
Wall Street Journal

APPENDIX E

The following books and records pertaining to Fund shall
be prepared and maintained by the Custodian and shall be the
property of the Fund:

EXHIBIT A

CERTIFICATION

The undersigned, , hereby certifies
that he or she is the duly elected and acting of InterCapital Insured
Municipal Securities, a Massachusetts business trust (the

"Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on _____, 1993, at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of _____, 1993, (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis to deposit in the Book-Entry System, as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize the Book-Entry System to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of securities, loans of securities, and deliveries and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of InterCapital Insured Municipal Securities, as of the day of _____, 1993.

(SEAL)

EXHIBIT B

CERTIFICATION

The undersigned, _____, hereby certifies that he or she is the duly elected and acting _____ of InterCapital Insured Municipal Securities, a Massachusetts business Trust (the "Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on _____, 1993, at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of _____, 1993 (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis until such time as it receives a Certificate, as defined in the Custody Agree-

ment, to the contrary to deposit in The Depository Trust Company ("DTC"), as a "Depository" as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize DTC to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of securities, loans of securities, and deliveries and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of InterCapital Insured Municipal Securities, as of the day of _____, 1993.

(SEAL)

EXHIBIT B-1

CERTIFICATION

The undersigned, _____, hereby certifies that he or she is the duly elected and acting _____ of InterCapital Insured Municipal Securities, a Massachusetts business Trust (the "Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on _____, 1993, at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of _____, 1993, (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis until such time as it receives a Certificate, as defined in the Custody Agreement, to the contrary to deposit in the Participants Trust Company as a Depository, as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize the Participants Trust Company to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of securities, loans of securities, and deliveries

and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of InterCapital Insured Municipal Securities, as of the day of _____, 1993.

(SEAL)

EXHIBIT C

CERTIFICATION

The undersigned, _____, hereby certifies that he or she is the duly elected and acting of InterCapital Insured Municipal Securities, a Massachusetts business trust (the "Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on _____, 1993, at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of _____, 1993, (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis until such time as it receives a Certificate, as defined in the Custody Agreement, to the contrary, to accept, utilize and act with respect to Clearing Member confirmations for Options and transaction in Options, regardless of the Series to which the same are specifically allocated, as such terms are defined in the Custody Agreement, as provided in the Custody Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of InterCapital Insured Municipal Securities, as of the day of _____, 1993.

(SEAL)

AMENDED AND RESTATED
TRANSFER AGENCY AND SERVICE AGREEMENT

with

DEAN WITTER TRUST COMPANY

(closed-end funds)

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AMENDEND AND RESTATED TRANSFER AGENCY AND SERVICE AGREEMENT

AMENDED AND RESTATED AGREEMENT made as of the first day of August, 1993 by and between each of the Dean Witter Funds listed on the signature page 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, shareholder servicing agent, registrar and agent in connection with the Fund's Dividend Reinvestment Plan 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 ("Shares"), dividend disbursing agent, shareholder servicing agent, registrar and agent in connection with the Fund's Dividend Reinvestment Plan (the "Plan").

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 shall:

(i) In accordance with instructions from the Fund given by Certificate of the Secretary of the Fund, issue Shares upon receipt of payment therefor, and issue certificates therefore or hold such Shares in book form in the appropriate Shareholder account;

(ii) Effect transfers of Shares by the

registered owners thereof upon receipt of appropriate instructions;

(iii) Prepare and transmit payments for dividends and distributions declared by the Fund in accordance with instructions and serve as the plan agent for the Plan and purchase and issue shares in accordance with such Plan;

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

(v) 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, registrar and, as relevant, shareholder servicing agent, including but not limited to, maintaining all Shareholder accounts, preparing Shareholder meeting lists, mailing proxies, receiving and tabulating proxies, mailing shareholder reports, 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, 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) 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 for out-of-pocket expenses or advances incurred by 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 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.

3.6 It complies and will continue to comply with New York Stock Exchange Rule 496.

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 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 a closed-end investment company registered with the SEC under the Investment Company Act of 1940, as amended (the "1940 Act").

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 of 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 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 registration statements and any amendments and supplements thereto filed with the SEC pursuant to the requirements of the 1933 Act and the 1940 Act;

(d) All account application forms, if any, or other documents relating to Shareholder accounts and/or relating to any dividend reinvestment plan or other 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 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 to be 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.

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.

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, registrar 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 or their 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 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

12.1 In the event that one or more additional investment companies managed or administered by Dean Witter

InterCapital Inc. ("Additional Dean Witter Funds") desires to retain DWTC to act as transfer agent, dividend disbursing agent and/or shareholder servicing agent, 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 Dean Witter 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 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.

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IN WITNESS WHEREOF, the parties hereto have caused this 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.

INTERCAPITAL INCOME SECURITIES INC.
HIGH INCOME ADVANTAGE TRUST
HIGH INCOME ADVANTAGE TRUST II
HIGH INCOME ADVANTAGE TRUST III
DEAN WITTER GOVERNMENT INCOME TRUST
MUNICIPAL INCOME TRUST
MUNICIPAL INCOME TRUST II
MUNICIPAL INCOME TRUST III
MUNICIPAL INCOME OPPORTUNITIES TRUST
MUNICIPAL INCOME OPPORTUNITIES TRUST II
MUNICIPAL INCOME OPPORTUNITIE TRUST III
MUNICIPAL PREMIUM INCOME TRUST
INTERCAPITAL INSURED MUNICIPAL BOND TRUST
INTERCAPITAL QUALITY MUNICIPAL INVESTMENT TRUST
INTERCAPITAL INSURED MUNICIPAL TRUST
INTERCAPITAL QUALITY MUNICIPAL INCOME TRUST
INTERCAPITAL INSURED MUNICIPAL INCOME TRUST
INTERCAPITAL QUALITY MUNICIPAL SECURITIES
INTERCAPITAL INSURED CALIFORNIA MUNICIPAL INCOME TRUST
INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES
INTERCAPITAL NEW YORK QUALITY MUNICIPAL SECURITIES
TCW/DW TERM TRUST 2000
TCW/DW TERM TRUST 2002
TCW/DW TERM TRUST 2003

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

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

Gentlemen:

The undersigned, InterCapital Insured Municipal Securities, a Massachusetts business trust) (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, dividend disbursing agent shareholder servicing agent, registrar and agent in connection with the Fund's Dividend Reinvestment 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.

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,
INTERCAPITAL INSURED MUNICIPAL SECURITIES

By:

ACCEPTED AND AGREED TO:
DEAN WITTER TRUST COMPANY

By:
Its:
Date:

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SCHEDULE A

Fund: InterCapital Insured Municipal Securities
Fees: (1) Annual maintenance fee of \$8.50 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.

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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:

.....

C 65500

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
COMPENSATION TO DEAN WITTER SERVICES COMPANY INC.

Name of Fund:

Fee:

Dated: December , 1993

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DEAN WITTER SERVICES COMPANY

SCHEDULE OF ADMINISTRATIVE FEES - JANUARY 1, 1994

Monthly compensation calculated weekly by applying the following annual rates to the weekly net assets.

InterCapital Insured Municipal 0.035% to the average weekly net assets.
Securities

February , 1994

Dean Witter Services Company Inc.
Two World Trade Center
New York, New York 10048
Att: President

Re: Services Agreement/Additional Fund(s)

Gentlemen:

In accordance with the provisions of the Services Agreement, dated December 31, 1993, between us, we hereby advise you that we have entered into an Investment Management Agreement with InterCapital Insured Municipal Securities and, accordingly, we retain you, pursuant to the said Services Agreement, to perform the administrative services provided therein.

Please indicate your acceptance of this additional Fund under the provisions of the Services Agreement by signing below.

Very truly yours,

DEAN WITTER INTERCAPITAL INC.

BY:

Accepted:

DEAN WITTER SERVICES COMPANY INC.

BY:

ltrmgt.dws

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Charles A. Fiumefreddo, whose signature appears below, constitutes and appoints Sheldon Curtis, Marilyn K. Cranney and Barry Fink, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993

/s/ Charles A. Fiumefreddo
Charles A. Fiumefreddo

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that John R. Haire, whose signature appears below, constitutes and appoints David M. Butowsky, Ronald M. Feiman and Stuart M. Strauss or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993

/s/John R. Haire
John R. Haire

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Manuel H. Johnson, whose signature appears below, constitutes and appoints David M. Butowsky, Ronald M. Feiman and Stuart M. Strauss, or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993
/s/Manuel H. Johnson
Manuel H. Johnson

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Paul Kolton, whose signature appears below, constitutes and appoints David M. Butowsky, Ronald M. Feiman and Stuart M. Strauss, or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-

fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993

/s/Paul Kolton
Paul Kolton

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Albert T. Sommers, whose signature appears below, constitutes and appoints David M. Butowsky, Ronald M. Feiman and Stuart M. Strauss, or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993

/s/Albert T. Sommers
Albert T. Sommers

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Michael E. Nugent, whose signature appears below, constitutes and appoints David M. Butowsky, Ronald M. Feiman and Stuart M. Strauss, or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration

statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993

/s/Michael E. Nugent
Michael E. Nugent

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Jack F. Bennett, whose signature appears below, constitutes and appoints David M. Butowsky, Ronald M. Feiman and Stuart M. Strauss, or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993

/s/Jack F. Bennett
Jack F. Bennett

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that John E. Jeuck, whose signature appears below, constitutes and appoints David M. Butowsky, Ronald M. Feiman and Stuart M. Strauss, or either of

them, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993

/s/John E. Jeuck
John E. Jeuck

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Edward R. Telling, whose signature appears below, constitutes and appoints Sheldon Curtis, Marilyn K. Cranney and Barry Fink, or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993

/s/Edward R. Telling
Edward R. Telling

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that Edwin J. Garn, whose signature appears below, constitutes and appoints David M. Butowsky, Ronald M. Feiman and Stuart M. Strauss, or either of them, his true and lawful attorneys-in-fact and agents, with full power of substitution among himself and each of the persons appointed herein, for him and in his name, place and stead, in any and all capacities, to sign any amendments to any registration statement of InterCapital Insured Municipal Securities, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Dated: December 3, 1993

/s/Edwin J. Garn
Edwin J. Garn