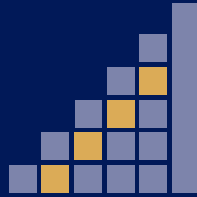


Annual Report 1998



First Premium Income Trust
Mulvihill Capital Management Inc.



CONTENTS

2	First Premium Income Trust - Investment Highlights
4	Auditors' Report
5	Financial Statements
10	Notes to the Financial Statements
14	Mulvihill Capital Management
15	Year 2000

M E S S A G E T O U N I T H O L D E R S

First Premium Income Trust (the "Trust") was launched in June 1996 to provide investors with an attractive alternative to conventional fixed income vehicles. The Trust's objective is to earn income primarily in the form of dividends and capital gains and to distribute this net income to unitholders through regularly scheduled quarterly distributions. The yield objective is to pay \$2.00 per annum, equivalent to an 8% yield distribution on the initial offering price of \$25.00.

As in each year since inception, distributions to unitholders during 1998 have again exceeded the minimum distribution target of 8%. Total distributions were \$2.75 per unit comprised of \$2.00 in regular distributions and an additional \$0.75 in special distributions. Based on the initial issue price of \$25.00, this represents a total distribution of 11% for 1998, or 3% above the target of 8%.

The Trust remains well positioned for 1999 as its underlying investments consist of a high quality and well diversified portfolio of stocks and money market investments.

We would like to take this opportunity to thank each of the Trust's unitholders for their continued support during 1998.

John P. Mulvihill
President
Mulvihill Capital Management Inc.

Donald Biggs
Vice President, Structured Finance
Mulvihill Capital Management Inc.

INVESTMENT OBJECTIVES

The Trust's investment objectives are to provide unitholders of the Trust with a stable stream of quarterly distributions of at least \$0.50 (\$2.00 annually) per unit while returning at a minimum the original issue price of the units to unitholders upon termination of the Trust.

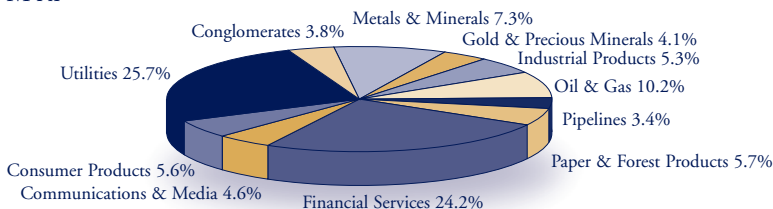
INVESTMENT STRATEGY

The Trust intends to achieve its investment objectives by investing its net assets in a diversified portfolio consisting primarily of common shares issued by major Canadian issuers that pay regular dividends at an annualized rate which is at least 125% of the indicated annual dividend yield for TSE 300 Composite Index. To generate additional returns above the dividend income generated by the portfolio, the Trust will write covered call options in respect of all or part of the securities in the Portfolio.

Distribution History

	<i>Regular Distribution</i>	<i>Special Distribution</i>	<i>Total Distribution</i>
<i>1996</i>			
September	\$0.50		\$0.50
December	\$0.50	\$0.50	\$1.00
<i>Total 1996</i>			<u>\$1.50</u>
<i>1997</i>			
March	\$0.50		\$0.50
June	\$0.50	\$0.50	\$1.00
September	\$0.50		\$0.50
December	\$0.50	\$1.00	\$1.50
<i>Total 1997</i>			<u>\$3.50</u>
<i>1998</i>			
March	\$0.50		\$0.50
June	\$0.50	\$0.25	\$0.75
September	\$0.50		\$0.50
December	\$0.50	\$0.50	\$1.00
<i>Total 1998</i>			<u>\$2.75</u>
<i>Total to Date</i>			<u>\$7.75</u>

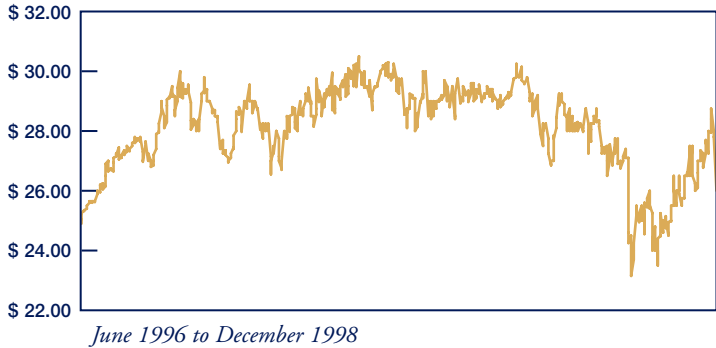
Asset Mix



Ten Largest Holdings:

BCE INC.	DONOHUE INC. CLASS A
ROYAL BANK OF CANADA	IMPERIAL OIL LTD.
BANK OF NOVA SCOTIA	ALCAN ALUMINUM LTD.
IMASCO LIMITED	THOMPSON CORPORATION
CANADIAN IMPERIAL BANK OF COMMERCE	MANITOBA TELECOM SERVICES INC.

Trading History



C O M M E N T A R Y

As of December 31, 1998, the net assets of the Trust were \$161.13 million, or \$24.22 per unit. Total distributions to unitholders, during 1998, were \$18.28 million or \$2.75 per unit, equivalent to an 11% p.a. distribution rate based on the initial issue price of \$25.00 per unit.

Challenging market conditions were evident during most of 1998 as investor sentiment changed from strong optimism during the initial portion of the year to that of concern throughout the third quarter of 1998. Although punctuated by wide valuation swings, the broad Canadian equity market finished the year essentially unchanged from December 31, 1997.

These conditions benefited the Trust, as these wide valuation swings in the broad market led to higher price volatility on the underlying securities. This enabled the Trust to generate high levels of premium income from its covered call option writing program. Premium income was a key factor in the Trust's ability to generate 1998 distribution, in what was essentially a flat Canadian equity market.

Continued investor uncertainty is likely to be a recurrent theme in the equity market in 1999. Accordingly, the Trust's underlying investments are conservatively positioned to include a portfolio of high quality stocks as well as a prudent level of cash reserves.

A U D I T O R S ' R E P O R T

To the Unitholders of
First Premium Income Trust

We have audited the statements of net assets of First Premium Income Trust as at December 31, 1998 and 1997, the statement of investments at market value at December 31, 1998 and the statements of financial operations, changes in net assets and gain on sale of investments and options for the years ended December 31, 1998 and 1997. These financial statements are the responsibility of the Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Trust as at December 31, 1998 and 1997, its investments at market value at December 31, 1998 and the results of its operations and the changes in its net assets for the years ended December 31, 1998 and 1997 in accordance with generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants

Toronto, Ontario
February 12, 1999

STATEMENTS OF NET ASSETS

December 31, 1998 and 1997

	1998	1997
Assets		
Investments at market value (average cost – \$100,515,990; 1997 - \$120,568,150)	\$102,180,063	\$141,643,465
Short-term investments	58,407,257	36,998,324
Cash	90,894	46,422
Dividends receivable	347,097	520,859
Interest receivable	312,259	112,990
Subscriptions receivable	53,656	-
	<u>\$161,391,226</u>	<u>\$ 179,322,060</u>
Liabilities		
Accrued liabilities	<u>260,430</u>	<u>332,185</u>
Net Assets, Represented by Unitholders' Equity	<u>\$161,130,796</u>	<u>\$ 178,989,875</u>
Number of Units Outstanding (Note 4)	<u>6,653,667</u>	<u>6,627,261</u>
Net Asset Value Per Unit	<u>\$ 24.2168</u>	<u>\$ 27.0081</u>

On behalf of the Manager,
Mulvihill Fund Services Inc.

Director

Director

STATEMENTS OF FINANCIAL OPERATIONS

Years ended December 31, 1998 and 1997

	1998	1997
I n c o m e		
Dividends	\$ 2,923,788	\$ 4,322,590
Interest	3,341,098	1,504,537
	<u>6,264,886</u>	<u>5,827,127</u>
E x p e n s e s (Note 5)		
Management fees	2,134,496	2,265,311
Goods and services tax	157,873	172,919
Custodian and other fees	120,838	118,344
Filing fees	-	86,620
	<u>2,413,207</u>	<u>2,643,194</u>
Net Investment Income	<u>3,851,679</u>	<u>3,183,933</u>
Gain on Sale of Investments and Options	15,376,060	20,832,751
Change in Unrealized Appreciation of Investments	<u>(19,524,232)</u>	<u>7,931,027</u>
Net (Loss) Gain on Investments	<u>(4,148,172)</u>	<u>28,763,778</u>
Total Results of Financial Operations	<u>\$ (296,493)</u>	<u>\$ 31,947,711</u>
Net Investment Income Per Unit	\$ 0.5795	\$ 0.4811
Net (Loss) Gain on Investments Per Unit	<u>(0.6241)</u>	<u>4.3465</u>
Total Results of Financial Operations Per Unit (based on the weighted average number of units outstanding during the year of 6,646,457; 1997 - 6,617,734)	<u>\$ (0.0446)</u>	<u>\$ 4.8276</u>

STATEMENTS OF CHANGES IN NET ASSETS

Years ended December 31, 1998 and 1997

	1998	1997
Unit Transactions		
Proceeds from units issued	\$ 9,980	\$ -
Amount paid for units redeemed	(9,980)	-
Proceeds from reinvestment of distributions	721,170	742,134
	<u>721,170</u>	<u>742,134</u>
Total Results from Financial Operations	<u>(296,493)</u>	<u>31,947,711</u>
Distributions to Unitholders (Note 6)		
From net investment income	(3,097,551)	(4,488,054)
From net realized gain on sale of investments	(14,753,682)	(17,186,849)
Non-taxable distribution	(432,523)	(1,495,423)
	<u>(18,283,756)</u>	<u>(23,170,326)</u>
Changes in Net Assets During the Year	(17,859,079)	9,519,519
Net Assets, Beginning of Year	<u>178,989,875</u>	<u>169,470,356</u>
Net Assets, End of Year	<u>\$ 161,130,796</u>	<u>\$ 178,989,875</u>

STATEMENTS OF GAIN ON SALE OF INVESTMENTS AND OPTIONS

Years ended December 31, 1998 and 1997

	1998	1997
Proceeds from Sale of Investments	<u>\$ 176,049,307</u>	<u>\$ 203,119,746</u>
Cost of Investments Sold		
Cost of investments, beginning of year	120,568,150	120,508,141
Cost of investments purchased	140,621,087	182,347,004
	<u>261,189,237</u>	<u>302,855,145</u>
Cost of investments, end of year	(100,515,990)	(120,568,150)
	<u>160,673,247</u>	<u>182,286,995</u>
Gain on Sale of Investments and Options	<u>\$ 15,376,060</u>	<u>\$ 20,832,751</u>

STATEMENT OF INVESTMENTS

December 31, 1998

	<i>Par Value/ Number of Shares</i>	<i>Average Cost</i>	<i>Market Value</i>	<i>% of Portfolio</i>
Short-term Investments				
Treasury Bills				
Government of Canada - January 7, 1999	11,275,000	\$11,242,615	\$11,242,615	
Government of Canada - January 21, 1999	27,000	26,741	26,741	
Government of Canada - February 4, 1999	435,000	431,999	431,999	
Government of Canada - March 18, 1999	4,565,000	4,515,285	4,515,285	
<i>Total</i>		<u>16,216,640</u>	<u>16,216,640</u>	27.6%
Discount Commercial Paper				
Ontario Hydro - February 23, 1999	15,700,000	15,510,187	15,510,187	
Province of Ontario - January 6, 1999	10,000,000	9,874,400	9,874,400	
<i>Total</i>		<u>25,384,587</u>	<u>25,384,587</u>	43.2%
Promissory Note				
Province of British Columbia February 19, 1999	17,000,000	16,806,030	16,806,030	28.6%
		<u>58,407,257</u>	<u>58,407,257</u>	
Accrued Interest		-	312,259	0.6%
Total Short-term Investments		<u>\$58,407,257</u>	<u>\$58,719,516</u>	100%
Investments				
Canadian Common Stocks				
Metals and Minerals				
Alcan Aluminum Ltd.	120,000	\$ 4,904,356	\$ 4,980,000	
Noranda Inc.	295,000	5,537,340	4,465,000	
<i>Total</i>		<u>10,441,696</u>	<u>9,445,000</u>	9.2%
Gold and Precious Metals				
Falconbridge Limited	145,900	2,673,455	2,407,350	
Placer Dome Inc.	100,000	2,017,500	1,750,000	
<i>Total</i>		<u>4,690,955</u>	<u>4,157,350</u>	4.1%
Oil and Gas				
Canadian Hunter Exploration Ltd.	40,000	525,485	386,000	
Imperial Oil Ltd.	205,000	5,698,097	5,032,750	
Shell Canada Ltd.	130,000	3,193,211	3,022,500	
<i>Total</i>		<u>9,416,793</u>	<u>8,441,250</u>	8.3%
Paper and Forest Products				
Donohue Inc.	185,000	6,180,976	5,420,500	
Nexfor Inc.	69,760	668,800	422,048	
<i>Total</i>		<u>6,849,776</u>	<u>5,842,548</u>	5.7%
Consumer Products				
Imasco Ltd.	175,000	5,331,076	5,722,500	5.6%

STATEMENT OF INVESTMENTS (continued)

December 31, 1998

	<i>Par Value/ Number of Shares</i>	<i>Average Cost</i>	<i>Market Value</i>	<i>% of Portfolio</i>
Industrial Products				
Dofasco Inc.	165,000	3,324,890	3,234,000	
Jannock Ltd.	147,100	2,943,565	2,206,500	
<i>Total</i>		<u>6,268,455</u>	<u>5,440,500</u>	5.3%
Pipelines				
Enbridge Inc.	50,000	2,907,340	3,525,000	3.4%
Utilities				
BCE Inc.	180,000	9,717,887	10,413,000	
Canadian Utilities Ltd.	95,100	3,835,434	4,564,800	
Manitoba Telecom Services Inc.	230,700	4,050,443	4,614,000	
Maritime Telegraph & Telephone	58,000	2,132,833	2,044,500	
Nova Scotia Power Inc.	178,200	2,824,278	3,243,240	
Telus Corp.	53,600	1,991,018	1,742,000	
<i>Total</i>		<u>24,551,893</u>	<u>26,621,540</u>	26.1%
Communications and Media				
Thomson Corp.	130,000	5,129,349	4,667,000	4.6%
Financial Services				
Bank of Nova Scotia	180,000	5,889,852	6,075,000	
Canadian Imperial Bank of Commerce	150,000	5,145,000	5,700,000	
Great West Lifeco Inc.	130,000	2,180,750	3,380,000	
National Bank of Canada	100,000	2,846,058	2,480,000	
Royal Bank of Canada	100,000	7,170,813	7,655,000	
<i>Total</i>		<u>23,232,473</u>	<u>25,290,000</u>	24.8%
Conglomerates				
Power Corporation	120,000	2,257,931	3,984,000	3.8%
Total Canadian Common Stocks		<u>101,077,737</u>	<u>103,136,688</u>	100.9%
Written Call Options (100 shares per contract)				
	<i>Number of Contracts</i>			
BCE Inc. - February 99 @ \$58	(425)	(80,485)	(127,500)	
Canadian Imperial Bank of Commerce April 99 @ \$35	(1,500)	(327,000)	(667,500)	
Imasco Ltd. - February 99 @ \$33	(800)	(118,150)	(120,000)	
Royal Bank of Canada - January 99 @ \$80	(225)	(36,112)	(41,625)	
<i>Total</i>		<u>(561,747)</u>	<u>(956,625)</u>	(0.9)%
Total Investments		<u>\$100,515,990</u>	<u>\$102,180,063</u>	100.0%

1. Establishment Of The Trust

First Premium Income Trust (the "Trust") is an investment trust established under the laws of the Province of Ontario on June 21, 1996. The Trust began operations on June 25, 1996 and will terminate on January 1, 2004 and its net assets will be distributed to unitholders unless unitholders determine to continue the Trust by a two-thirds majority vote at a meeting called for such purpose.

The manager of the Trust is Mulvihill Fund Services Inc. (the "Manager") and the Trust's investment manager is Mulvihill Capital Management Inc. (the "Investment Manager"). The Royal Trust Company (the "Trustee") is the trustee and acts as custodian of the assets of the Trust.

2. Investment Objectives Of The Trust

The Trust intends to achieve its investment objectives by investing in a diversified portfolio consisting primarily of common shares issued by major Canadian issuers that pay regular dividends at an annualized rate which is at least 125% of the indicated annual dividend yield for the TSE 300 Composite Index. A majority of the securities comprising the portfolio will be those issued by major financial institutions, utilities and pipeline companies in Canada.

To generate additional returns above the dividend income earned on the portfolio, the Trust will from time to time write covered call options in respect of all or some of the securities in the portfolio. Additionally, the Trust may purchase call options with the effect of closing out existing call options written by the Trust and may also purchase put options to preserve the value of the portfolio where appropriate. The Trust may enter into trades to close out positions in such permitted derivatives.

From time to time, the portfolio may include debt securities having a remaining term to maturity of less than one year issued or guaranteed by the government of Canada or a province.

3. Summary Of Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles. The following is a summary of significant accounting policies:

Valuation of investments

Securities are valued at market value, which is determined by the closing sale price on the recognized stock exchange on which the securities are listed or principally traded. If no sale has taken place on that day, valuation will be at the last published sale price if this is between the last recorded bid price (the price someone is willing to pay) and the last recorded asked price (the price at which someone is willing to sell). If the last published sale price is not between the bid and the asked price, the bid or the asked price is used, whichever is nearer the last published sale price.

Short-term investments are valued at cost plus accrued interest which approximates market value.

Listed options are valued at market values as reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1998 and 1997

3. Summary of Significant Accounting Policies (continued)

Investment transactions and income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and unrealized appreciation or depreciation of investments are determined on an average cost basis.

Option fees paid or received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in unrealized appreciation or depreciation on investments.

Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned.

4. Unitholders' Equity

The Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Trust.

All units have equal voting rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by the Trust. Fractional units are not entitled to voting privileges.

Units may be surrendered at any time for redemption but will be redeemed only on the monthly valuation date. Unitholders whose units are redeemed on a June 30 valuation date will be entitled to receive a redemption price per unit equal to the net asset value per unit. Unitholders whose units are redeemed on any other valuation date will be entitled to receive a redemption price per unit equal to the net asset value per unit less the lesser of (i) 4% of such net asset value per unit and (ii) \$1.00.

Unit transactions during the year are as follows:

	1998	1997
Units outstanding, beginning of year	6,627,261	6,600,294
Units issued for cash	400	-
Units redeemed	(400)	-
Units issued on reinvestment of distributions	26,406	26,967
Units outstanding, end of year	<u>6,653,667</u>	<u>6,627,261</u>

5. Management Fees And Expenses

The Trust is responsible for all ongoing trustee, manager, legal, accounting and audit fees as well as all other expenses incurred by the Trustee and the Manager in the ordinary course of business relating to the Trust's operations. The Trust is also responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Trust which may be incurred from time to time.

Fees are payable to the Manager under the terms of the trustee agreement and to the Investment Manager under the terms of an investment management agreement. The fees are payable at annual rates of 0.10% and 1.15%, respectively, of the Trust's net asset value calculated and payable monthly, plus applicable taxes.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1998 and 1997

5. *Management Fees and Expenses (continued)*

Charges to the Trust for the period, excluding taxes, were as follows:

	1998	1997	1996
Expenses	\$ 2,255,334	\$ 2,470,275	\$ 1,147,704
Expenses as a percent of average net assets	1.32%	1.39%	1.36%*

(*annualized)

Average net assets are calculated to be the average of the net assets determined at each valuation date of the Trust.

6. *Distributions*

The Trust endeavours to make quarterly distributions of net income and net realized capital gains and option premiums to unitholders on the last day of March, June, September and December in each year.

Unitholders may elect to reinvest distributions received from the Trust in additional units.

Distributions for the year were as follows:

	1998	1997	1996
Distribution per unit:			
Taxable dividends	\$ 0.4663	\$ 0.6779	\$ 0.3367
Net realized gain on sale of investments	2.2187	2.5962	0.8539
Non-taxable distribution	0.0650	0.2259	0.3094
	<u>\$ 2.7500</u>	<u>\$ 3.5000</u>	<u>\$ 1.5000</u>

The non-taxable distribution received by the unitholders reduces the adjusted cost base of the unit for tax purposes.

7. *Income Taxes*

The Trust is a "mutual fund trust" as defined in the Income Tax Act (Canada) (the "Act"). The Trust is subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in the year. Income tax paid by the Trust on any net realized capital gains not paid or payable to unitholders is recoverable by the Trust to the extent and in the circumstances provided in the Act.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1998 and 1997

7. *Income Taxes (continued)*

Given the investment and distribution policies of the Trust and taking into account expenses, the Trust does not expect to bear any appreciable non-refundable income tax.

No amount is payable on account of income taxes in 1998 or 1997.

8. *Commissions*

Total commissions paid in connection with portfolio transactions were \$383,953 (1997 - \$677,295).

9. *Net Asset Value Per Unit*

The net asset value per unit of the Fund as at the end of the fiscal periods since inception was:

	1998	1997	1996
Net asset value per unit	<u>\$ 24.2168</u>	<u>\$ 27.0081</u>	<u>\$ 25.6762</u>

10. *Uncertainty Due To The Year 2000 Issue*

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Trust, including those related to the efforts of investees, suppliers, or other third parties, will be fully resolved.

11. *Comparative Figures*

Certain of the prior year amounts have been reclassified to conform to the current year's presentation.

12. *Statement Of Portfolio Transactions*

The Trust will provide, without charge, a Statement of Portfolio Transactions (unaudited) upon written request by any unitholder to the Trust at 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

Mulvihill Capital Management Inc. is a leading Canadian investment counsellor responsible for the care of institutional and personal assets. The company manages corporate, pension, insurance, endowment, trust and mutual funds under a wide variety of investment mandates. Founded in 1985 as CT Investment Counsel Inc., the investment arm of Canada Trust, the company emerged in 1995 as an independent company operated by a cohesive team of senior managers and owners who have been together for more than a decade. The company's scale and independent structure allow it to provide clients with a uniquely customized approach to asset management.

First Premium Income Trust is managed by Mulvihill Capital's structured finance group. This area of the company concentrates exclusively on creating and managing products tailored to meet very specific investment objectives. Assets are generally managed to meet specific absolute return levels rather than taking on the additional risk of targeting relative returns. This methodology allows the company to make investment decisions that meet the client's needs rather than to make investments to rival the competition.

Mulvihill's personal asset management division, Mulvihill Wealth Management, offers a comprehensive specialized approach tailored to clients' personal strategies. This not only relieves the client's burden of day-to-day investment decisions but also provides financial peace of mind for today and tomorrow. The company's personalized service and customized reporting assure that its powerful team of professionals is always working toward your current objectives and that you are fully aware of the progress you are making.

Mulvihill's reputation has been built on its ability to provide customized portfolios that meet the stated needs of its clients. The Premium Income investments are prime examples of that customized approach to asset management.

Other Premium Income products within the Mulvihill Group include Premium Income Corporation, First Premium U.S. Income Trust, First Premium Oil & Gas Income Trust, MCM Split Share Corp., Global Telecom Split Share Corp. and Sixty Plus Income Trust.

These Funds are either Unit Trusts or Mutual Fund Corporations and traded on the Toronto Stock Exchange and the Montreal Exchange over the past year as follows:

	<i>Symbol</i>	<i>High</i>	<i>Low</i>
Premium Income Corporation	PIC.A	\$ 17.00	\$ 10.50
	PIC.PR.A	\$ 16.15	\$ 14.25
First Premium U.S. Income Trust	FPU.UN	\$ 25.50	\$ 20.65
First Premium Oil & Gas Income Trust	FPG.UN	\$ 11.00	\$ 6.05
MCM Split Share Corp.	MUH.A	\$ 15.70	\$ 9.75
	MUH.PR.A	\$ 15.30	\$ 12.75
Global Telecom Split Share Corp.	GT.A	\$ 14.90	\$ 8.00
	GT.PR.A	\$ 14.90	\$ 12.80

Y E A R 2 0 0 0

In conducting its business, the Trust utilizes the computer information systems of third party service providers, including the Manager and Investment Manager, the Custodian and the Transfer Agent. The Trust is currently reviewing the potential Year 2000 readiness issues of its third party service providers and will determine what action, if any, is required. The Manager and Investment Manager have advised the Trust that they have put in place a Year 2000 plan in an effort to ensure that their information systems are Year 2000 compliant by the end of first quarter of 1999. None of the expenditures for the Year 2000 readiness plan will be borne by the Trust. They have also made enquiries of the Custodian and Transfer Agent in order to assess the status of their information systems with respect to Year 2000 readiness issues. There can be no assurance, however, that the Trust's third party service providers have, or will have, information systems that are Year 2000 compliant. In addition, there is no assurance that the corporations that are included in the Trust's portfolio of investments will be Year 2000 compliant. If any such corporations are not Year 2000 compliant, the net asset value of the Trust could be adversely affected.

BOARD OF ADVISORS

John P. Mulvihill

Chairman & President, Mulvihill Capital Management Inc.

David N. Middleton

Vice President, Finance & CFO, Mulvihill Capital Management Inc.

Robert W. Korthals

Corporate Director

C. Edward Medland

President, Beauwood Investments Inc.

CORPORATE INFORMATION

Auditors:

Deloitte & Touche LLP

BCE Place

181 Bay Street, Suite 1400

Toronto, Ontario M5J 2V1

Transfer Agent:

Montreal Trust

151 Front Street, 8th Floor

Toronto, Ontario M5J 2N1

Shares Listed:

Toronto Stock Exchange and Montreal

Exchange trading under FPI.UN

Trustee:

Royal Trust

Royal Trust Tower

77 King Street West, 11th Floor

Toronto, Ontario M5W 1P9

Head Office:

First Premium Income Trust

121 King Street West, Suite 2600

Toronto, Ontario M5H 3T9

fax: (416) 681-3901

(416) 681-3966 (800) 725-7172

premium@mulvihill.com

*Visit our website at www.mulvihill.com for additional information
on all Premium Income Funds.*

OTHER FUNDS MANAGED BY
MULVIHILL CAPITAL MANAGEMENT INC.

Premium Income Corporation
First Premium U.S. Income Trust
First Premium Oil & Gas Income Trust
MCM Split Share Corp.
Global Telecom Split Share Corp.
Sixty Plus Income Trust



First Premium Income Trust

Managed by:

Mulvihill Capital Management Inc.
121 King Street West, Suite 2600
Toronto, Ontario M5H 3T9
Tel: 416-681-3966 800-725-7172
Fax: 416-681-3901
E-mail: premium@mulvihill.com
www.mulvihill.com