

FIRST PREMIUM U.S. INCOME TRUST

PROXY

The undersigned holder of units ("Units") of First Premium U.S. Income Trust (the "Trust"), hereby revoking any proxy previously given, hereby appoints John P. Mulvihill, or in his absence Sheila S. Szela, or instead of either of them _____, as nominee of the undersigned with power of substitution to attend and to vote all Units of the Trust owned by the undersigned on the following matters at the special meeting of unitholders ("Unitholders") of the Trust (the "Meeting") to be held on Monday, November 21, 2005 at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario at 8:30 a.m. (Toronto time) and at any and all adjournments thereof, as follows:

VOTE FOR OR VOTE AGAINST

the Special Resolution to: (a) amend the investment strategy and investment restrictions of the Trust. The Trust will invest exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization; (b) extend the termination date of the Trust to March 31, 2011 from January 1, 2007; (c) change the capital structure of the Trust to a "split trust" structure. Under this proposal, existing Units would first be consolidated such that after giving effect to the consolidation, net asset value ("NAV") per Unit would be approximately \$25.00 (Units are expected to be consolidated on a 2.3 to 1 basis). Unitholders would receive for each Unit held: (i) one capital unit of the Trust ("Capital Unit") with an initial NAV of approximately \$12.50 and (ii) one preferred security of the Trust ("Preferred Security") with a principal amount of \$12.50; (d) amend the investment objectives of the Trust. The Trust's new investment objectives will be (i) to provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio and (ii) to pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5% of the NAV of the Trust. The Trust's investment objectives for the Preferred Securities will be (i) to pay holders of Preferred Securities fixed quarterly cash interest payments at least equal to 6.00% per annum on the \$12.50 principal amount of a Preferred Security and (ii) to repay the principal amount of \$12.50 per Preferred Security on termination of the Trust on March 31, 2011; (e) move the redemption right available to Unitholders at 100% of NAV from December 31, 2005 to November 30, 2005; (f) permit the Trust to issue additional Capital Units and Preferred Securities on a non-dilutive basis; and (g) provide for the payment of an annual service fee of 0.40% of the value of the Capital Units if the Trust completes a public offering of additional Units after the Special Resolution has been approved.

If no specification is made regarding voting on the matter, then Units represented by the proxy will be voted in favour of the Special Resolution.

Discretionary authority is hereby conferred by the undersigned on the proxyholder herein named with respect to amendments or variations to the matters identified in the notice of meeting.

DATED this _____ day of _____, 2005.

Number of Units Held

Signature of Unitholder

Name of Unitholder (Please Print Clearly)

NOTES:

- (1) To be valid, this form of proxy must be signed by the Unitholder or his or her attorney duly authorized in writing or, if the Unitholder is a corporation, by an officer or attorney thereof duly authorized and its corporate seal, if any, should be affixed.
- (2) **Each Unitholder has the right to appoint a person (who need not be a Unitholder of the Trust) other than the persons listed above to attend and act on his or her behalf at the meeting. If the Unitholder wishes to exercise such right, he or she should insert the name of his or her appointee in the space provided.**
- (3) **This proxy is solicited on behalf of management of the manager of the Trust.**
- (4) If this proxy is not dated in the space designated above, it shall be deemed to bear the date on which it was mailed to the Unitholders.
- (5) Reference is made to the accompanying Management Information Circular for further information regarding completion and use of this proxy and other information pertaining to the Meeting.