SECURITIES AND EXCHANGE COMMISSION

FORM S-6EL24

Registration statements of unit investment trusts

Filing Date: **1994-01-03**
SEC Accession No. 0000875626-94-000002

(HTML Version on secdatabase.com)

FILER

FIRST TRUST SPECIAL SITUATION TRUST SERIES 88

CIK:**913817**| State of Incorp.:**IL** | Fiscal Year End: **1231**
Type: **S-6EL24** | Act: **33** | File No.: **033-51787** | Film No.: **94500185**

Business Address
C/O NIKE SECURITIES L P
1001 WARRENVILLE ROAD
LISLE IL 60532
7082414141

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-6

For Registration Under the Securities Act of 1933 of Securities of Unit Investment Trusts Registered on Form N-8B-2

A.	Exact Name of Trust:	THE FIRST TRUST SPECIAL SITUATIONS TRUST, SERIES 88
B.	Name of Depositor:	NIKE SECURITIES L.P.
C.	Complete Address of Depositor's Principal Executive Offices:	1001 Warrenville Road Lisle, Illinois 60532
D.	Name and Complete Address of Agents for Service:	NIKE SECURITIES L.P. Attention: James A. Bowen Suite 300 1001 Warrenville Road Lisle, Illinois 60532
E.	Title and Amount of Securities Being Registered:	An indefinite number of Units pursuant to Rule 24f-2 promulgated under the Investment Company Act of 1940, as amended.
F.	Proposed Maximum Offering Price to the Public of the Securities Being Registered:	Indefinite.
G.	Amount of Filing Fee (as required by Rule 24f-2):	$500.00
H.	Approximate Date of Proposed Sale to the Public:	____ Check if it is proposed that this filing will become effective on _____ at ____ p.m. pursuant to Rule 487.

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 further 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.

THE FIRST TRUST SPECIAL SITUATIONS TRUST, SERIES 88

Cross-Reference Sheet

(Form N-8B-2 Items required by Instructions as to the Prospectus in Form S-6)

FORM N-8B-2 ITEM NUMBER			FORM S-6 HEADING IN PROSPECTUS
		I. ORGANIZATION AND GENERAL INFORMATION	
1.	(a)	Name of trust	Prospectus front cover
	(b)	Title of securities issued	Summary of Essential Information
2.		Name and address of each depositor	Information as to Sponsor, Trustee and Evaluator
3.		Name and address of trustee	Information as to Sponsor, Trustee and Evaluator

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

4.		Name and address of principal underwriters	Underwriting
5.		State of organization of trust	The First Trust Special Situations Trust
6.		Execution and termination of trust agreement	The First Trust Special Situations Trust; Other Information
7.		Changes of name	*
8.		Fiscal Year	*
9.		Litigation	*
II.	GENERAL DESCRIPTION OF THE TRUST AND SECURITIES OF THE TRUST		
10.	(a)	Registered or bearer securities	Rights of Unit Holders
	(b)	Cumulative or distributive securities	The First Trust Special Situations Trust
	(c)	Redemption	Rights of Unit Holders
	(d)	Conversion, transfer, etc.	Rights of Unit Holders
	(e)	Periodic payment plan certificates	*
	(f)	Voting rights	Rights of Unit Holders; Other Information
	(g)	Notice of certificate-holders	Rights of Unit Holders; Other Information
	(h)	Consents required	Rights of Unit Holders; Other Information
	(i)	Other provisions	The First Trust Special Situations Trust
11.		Types of securities comprising	The First Trust Special units Situations Trust
12.		Certain information regarding periodic payment plan certificates	*
13.	(a)	Load, fees, expenses, etc.	Summary of Essential Information; Public Offering; The First Trust Special Situations Trust
	(b)	Certain information regarding periodic payment plan certificates	*
	(c)	Certain percentages	Summary of Essential Information; The First Trust Special Situations Trust; Public Offering
	(d)	Difference in price offered for any class of transactions to any class or group of individuals	Public Offering
	(e)	Certain other load fees, expenses, etc. payable by holders	Rights of Unit Holders
	(f)	Certain profits receivable by depositor, principal underwriters, trustee or affiliated persons	The First Trust Special Situations Trust
	(g)	Ratio of annual charges to	

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

		income	*
14.		Issuance of trust's securities	Rights of Unit Holders
15.		Receipt and handling of payments from purchasers	*
16.		Acquisition and disposition of underlying securities	The First Trust Special Situations Trust; Rights of Unit Holders
17.		Withdrawal or redemption	The First Trust Special Situations Trust; Public Offering; Rights of Unit Holders
18.	(a)	Receipt, custody and disposition of income	Rights of Unit Holders
	(b)	Reinvestment of distributions	Rights of Unit Holders
	(c)	Reserves or special funds	Information as to Sponsor, Trustee and Evaluator
	(d)	Schedule of distributions	*
19.		Records, accounts and reports	Rights of Unit Holders
20.		Certain miscellaneous provisions of trust agreement	
	(a)	Amendment	Other Information
	(b)	Termination	Other Information
	(c)	and (d) Trustee, removal and successor	Information as to Sponsor, Trustee and Evaluator
	(e)	and (f) Depositor, removal and successor	Information as to Sponsor, Trustee and Evaluator
21.		Loans to security holders	*
22.		Limitations on liability	The First Trust Special Situations Trust; Information as to Sponsor, Trustee and Evaluator
23.		Bonding arrangements	Contents of Registration Statement
24.		Other material provisions of trust agreement	*

III. ORGANIZATION, PERSONNEL AND AFFILIATED PERSONS OF DEPOSITOR

25.		Organization of depositor	Information as to Sponsor, Trustee and Evaluator
26.		Fees received by depositor	*
27.		Business of depositor	Information as to Sponsor, Trustee and Evaluator
28.		Certain information as to officials and affiliated persons of depositor	*
29.		Voting securities of	*

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

		depositor	
30.		Persons controlling depositor	*
31.		Payment by depositor for certain services rendered to trust	*
32.		Payment by depositor for certain other services rendered to trust	*
33.		Remuneration of other persons for certain services rendered to trust	*
34.		Remuneration of other persons for certain services rendered to trust	*

IV. DISTRIBUTION AND REDEMPTION

35.		Distribution of trust's securities by states	Public Offering
36.		Suspension of sales of trust's securities	*
37.		Revocation of authority to distribute	*
38.	(a)	Method of distribution	Public Offering
	(b)	Underwriting agreements	Public Offering; Underwriting
	(c)	Selling agreements	Public Offering
39.	(a)	Organization of principal underwriters	Information as to Sponsor, Trustee and Evaluator
	(b)	N.A.S.D. membership of principal underwriters	Information as to Sponsor, Trustee and Evaluator
40.		Certain fee received by principal underwriters	See Items 13(a) and 13(e)
41.	(a)	Business of principal underwriters	Information as to Sponsor, Trustee and Evaluator
	(b)	Branch offices of principal underwriters	*
	(c)	Salesmen of principal underwriters	*
42.		Ownership of trust's securities by certain persons	*
43.		Certain brokerage commissions received by principal underwriters	*
44.	(a)	Method of valuation	Summary of Essential Information; The First Trust Special Situations Trust; Public Offering
	(b)	Schedule as to offering price	*
	(c)	Variation in offering price to certain persons	Public Offering
45.		Suspension of redemption rights	*

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

46.	(a)	Redemption Valuation	Rights of Unit Holders
	(b)	Schedule as to redemption price	*
47.		Maintenance of position in underlying securities	Public Offering; Rights of Unit Holders

V. INFORMATION CONCERNING THE TRUSTEE OR CUSTODIAN

48.	Organization and regulation of trustee	Information as to Sponsor, Trustee and Evaluator
49.	Fees and expenses of trustee	The First Trust Special Situations Trust
50.	Trustee's lien	The First Trust Special Situations Trust

VI. INFORMATION CONCERNING THE INSURANCE OF HOLDERS OR SECURITIES

51.	Insurance of holders of trust's securities	*

VII. POLICY OF REGISTRANT

52.	(a)	Provisions of trust agreement with respect to selection or elimination of underlying securities	The First Trust Special Situations Trust; Rights of Unit Holders
	(b)	Transactions involving elimination of underlying securities	*
	(c)	Policy regarding substitution or elimination of underlying securities	The First Trust Special Situations Trust; Rights of Unit Holders
	(d)	Fundamental policy not otherwise covered	*
53.		Tax status of Trust	The First Trust Special Situations Trust

VIII. FINANCIAL AND STATISTICAL INFORMATION

54.	Trust's securities during last ten years	*
55.	Certain information regarding periodic payment plan certificates	
56.	Certain information regarding periodic payment plan certificates	
57.	Certain information regarding periodic payment plan certificates	*
58.	Certain information regarding periodic payment plan certificates	
59.	Financial statements (Instruction 1(b) to Form S-6)	Report of Independent Auditors; Statement of Net Assets

---

* Inapplicable, answer negative or not required.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

SUBJECT TO COMPLETION, DATED JANUARY 3, 1994

International Blue Chip Trust, Series 1

The Trust. The First Trust Special Situations Trust, Series 88 (the "Trust") is a unit investment trust consisting of a portfolio containing common stocks issued by international blue chip companies, the majority of which are in American Depositary Receipt ("ADR") form. The Underwriter and Sponsor have created the Trust to capitalize on the size of the global economy, the familiarity of the selected companies and their products, and the continuing technological advancements that provide easier access to information about foreign markets. The Trust consists of common stocks issued by companies which are selected on the basis of the following requirements:

- - Among the 500 largest public foreign companies in the world

- - Market capitalization in excess of $1 billion

- - Annual sales in excess of $3 billion

- - Currently paying dividend income

The objective of the Trust is to provide for potential capital appreciation and dividend income growth by investing the Trust's portfolio in common stocks issued by international blue chip companies (the "Equity Securities"). See "Schedule of Investments." The Trust has a Mandatory Termination Date as set forth under "Summary of Essential Information." There is, of course, no guarantee that the objective of the Trust will be achieved. Each Unit of the Trust represents an undivided fractional interest in all the Equity Securities deposited in the Trust.

The Equity Securities deposited in the Trust's portfolio have no fixed maturity date and the value of these underlying Equity Securities will fluctuate with changes in the values of stocks in general. See "Portfolio."

The Sponsor may, from time to time during a period of up to approximately 180 days after the Initial Date of Deposit, deposit additional Equity Securities in the Trust. Such deposits of additional Equity Securities will, therefore, be done in such a manner that the original proportionate relationship amongst the individual issues of the Equity Securities shall be maintained. See "What is the First Trust Special Situations Trust?" and "How May Equity Securities be Removed from the Trust?"

Public Offering Price. The Public Offering Price per Unit of the Trust during the initial offering period is equal to the aggregate underlying value of the Equity Securities in the Trust (generally determined by the closing sale prices of listed Equity Securities and the ask prices of over-the-counter traded Equity Securities) plus or minus a pro rata share of cash, if any, in the Capital and Income Accounts of the Trust, plus a maximum sales charge of 5.5% (equivalent to 5.82% of the net amount invested). A pro rata share of accumulated dividends, if any, in the Income Account is included in the Public Offering Price. The secondary market Public Offering Price per Unit will be based upon the aggregate underlying value of the Equity Securities in the Trust (generally determined by the closing sale prices of listed Equity Securities and the bid prices of over-the-counter traded Equity Securities) plus or minus a pro rata share of cash, if any, in the Capital and Income Accounts of the Trust plus a maximum sales charge of 5.5% (equivalent to 5.82% of the net amount invested). The minimum purchase is $1,000. The sales charge is reduced on a graduated scale for sales involving at least 10,000 Units. See "How is the Public Offering Price Determined?"

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.

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 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,

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY STATE.

The date of this Prospectus is , 1994

Dividend and Capital Gains Distributions. Distributions of dividends received, and realized capital gains, if any, received by the Trust will, net of expenses of the Trust, be paid semi-annually in cash on the Distribution Date to Unit holders of record on the Record Date as set forth in the "Summary of Essential Information." Distributions of funds in the Capital Account, if any, will be made at least annually in December of each year. Any distribution of income and/or capital gains will be net of the expenses of the Trust. See "What is the Federal Tax Status of Unit Holders?" Additionally, upon termination of the Trust, the Trustee will distribute, upon surrender of Units for redemption, to each Unit holder his pro rata share of the Trust's assets, less expenses, in the manner set forth under "Rights of Unit Holders-How are Income and Capital Distributed?

Secondary Market for Units. After the initial offering period, while under no obligation to do so, the Sponsor may maintain a market for Units of the Trust and offer to repurchase such Units at prices which are based on the aggregate underlying value of Equity Securities in the Trust (generally determined by the closing sale prices of listed Equity Securities and the bid prices of over-the-counter traded Equity Securities) plus or minus cash, if any, in the Capital and Income Accounts of the Trust. If a secondary market is maintained during the initial offering period, the prices at which Units will be repurchased will also be based upon the aggregate underlying value of the Equity Securities in the Trust (generally determined by the closing sale prices of listed Equity Securities and the ask prices of over-the-counter traded Equity Securities) plus or minus cash, if any, in the Capital and Income Accounts of the Trust. If a secondary market is not maintained, a Unit holder may redeem Units through redemption at prices based upon the aggregate underlying value of the Equity Securities in the Trust (generally determined by the closing sale prices of listed Equity Securities and the bid prices of over-the-counter traded Equity Securities) plus or minus a pro rata share of cash, if any, in the Capital and Income Accounts of the Trust. A Unit holder tendering 2,300 Units or more for redemption may request a distribution of shares of Equity Securities (reduced by customary transfer and registration charges) in lieu of payment in cash. See "How May Units be Redeemed?"

Termination. Commencing on the Mandatory Termination Date, Equity Securities will begin to be sold in connection with the termination of the Trust. The Sponsor will determine the manner, timing and execution of the sale of the Equity Securities. Written notice of any termination of the Trust specifying the time or times at which Unit holders may surrender their certificates for cancellation shall be given by the Trustee to each Unit holder at his address appearing on the registration books of the Trust maintained by the Trustee. At least 60 days prior to the Mandatory Termination Date of the Trust, the Trustee will provide written notice thereof to all Unit holders and will include with such notice a form to enable Unit holders to elect a distribution of shares of Equity Securities (reduced by customary transfer and registration charges) if such Unit holder owns at least 2,300 Units of the Trust, rather than to receive payment in cash for such Unit holder's pro rata share of the amounts realized upon the disposition by the Trustee of Equity Securities. To be effective, the election form, together with surrendered certificates and other documentation required by the Trustee, must be returned to the Trustee at least five business days prior to the Mandatory Termination Date of the Trust. Unit holders not electing a distribution of shares of Equity Securities will receive a cash distribution within a reasonable time after the Trust is terminated. See "Rights of Unit Holders-How are Income and Capital Distributed?"

Summary of Essential Information
At the Opening of Business on the Initial Date of Deposit
of the Equity Securities- , 1994

Underwriter: The Ohio Company

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Sponsor: Nike Securities L.P.
Trustee: United States Trust Company of New York
Evaluator:

<TABLE>
<CAPTION>
General Information

<S>	<C>
Initial Number of Units	
Fractional Undivided Interest in the Trust per Unit	1/
Public Offering Price:	
Aggregate Offering Price Evaluation of Equity Securities in Portfolio (1)	$
Aggregate Offering Price Evaluation of Equity Securities per Unit	$
Sales Charge of 5.5% of the Public Offering Price per Unit (5.82% of the net amount invested)	$
Public Offering Price per Unit (2)	$
Sponsor's Initial Repurchase Price per Unit	$
Redemption Price per Unit (based on aggregate underlying value of Equity Securities) (3)	$

</TABLE>

CUSIP Number	
First Settlement Date	, 1994
Mandatory Termination Date	, 1999
Discretionary Liquidation Amount	The Trust may be terminated if the value therefore is less than the lower of $2,000,000 or 20% of the total value of Equity Securities deposited in the Trust during the primary offering period.
Trustee's Annual Fee	$.009 per Unit outstanding.
Evaluator's Annual Fee	$ per Unit outstanding. Evaluations for purposes of sale, purchase or redemption of Units are made as of the close of trading (4:00 p.m. Eastern time) on the New York Stock Exchange on each day on which it is open.
Supervisory Fee	Maximum of $.0025 per Unit outstanding annually payable to an affiliate of the Sponsor.
Income Distribution Record Date	Fifteenth day of each June and December commencing June 15, 1994.
Income Distribution Date (4)	Last day of each June and December commencing June 30, 1994.

[FN]

(1) Each Equity Security listed on a national securities exchange or the NASDAQ National Market System is valued at the last closing sale price, or if no such price exists or if the Equity Security is not so listed, at the closing ask price thereof.

(2) On the Initial Date of Deposit there will be no accumulated dividends in the Income Account. Anyone ordering Units after such date will pay a pro rata share of any accumulated dividends in such Income Account. The Public Offering Price as shown reflects the value of the Equity Securities at the opening of business on the Initial Date of Deposit and establishes the original proportionate relationship amongst the individual securities. No sales to investors will be executed at this price. Additional Equity Securities will be deposited during the day of the Initial Date of Deposit which will be valued as of 4:00 p.m. Eastern time and sold to investors at a Public Offering Price per Unit based on this valuation.

(3) See "How May Units be Redeemed?"

(4) Distributions from the Capital Account will be made monthly payable on the last day of the month to Unit holders of record on the fifteenth day of such month if the amount available for distribution equals at least $0.01 per Unit. Notwithstanding, distributions of funds in the Capital Account, if any, will be made in December of each year.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

What is The First Trust Special Situations Trust?

The First Trust Special Situations Trust, Series 88 is one of a series of investment companies created by the Sponsor under the name of The First Trust Special Situations Trust, all of which are generally similar but each of which is separate and is designated by a different series number (the "Trust"). This Series consists of an underlying separate unit investment trust designated as International Blue Chip Trust, Series 1. The Trust was created under the laws of the State of New York pursuant to a Trust Agreement (the "Indenture"), dated the Initial Date of Deposit, with Nike Securities L.P., as Sponsor, United States Trust Company of New York, as Trustee, , as Evaluator, and First Trust Advisors L.P., as Portfolio Supervisor.

On the Initial Date of Deposit, the Sponsor deposited with the Trustee confirmations of contracts for the purchase of common stocks issued by international blue chip companies, the majority of which are in American Depositary Receipt ("ADR") form, together with an irrevocable letter or letters of credit of a financial institution in an amount at least equal to the purchase price of such securities. In exchange for the deposit of securities or contracts to purchase securities in the Trust, the Trustee delivered to the Sponsor documents evidencing the entire ownership of the Trust.

The Underwriter and Sponsor have created the Trust to capitalize on the size of the global economy, the familiarity of the selected companies and their products, and the continuing technological advancements that provide easier access to information about foreign markets. Statistically, the United States represents 30% of the world's total economic activity, which is estimated at $20 trillion. By combining the economic activity of the United States, Japan, France, Germany, Italy and the United Kingdom, 70% of this total world economic activity is accounted for. In addition, international foreign trade is estimated at over $7 trillion annually, and by 1992 foreign stocks had risen to 57% of the total global stock market from 42% in 1975.

The objective of this Trust is to provide for potential capital appreciation and dividend income growth through an investment in equity securities issued by international blue chip companies (the "Equity Securities") which are selected on the basis of the following requirements:

- - Among the 500 largest public foreign companies in the world

- - Market capitalization in excess of $1 billion

- - Annual sales in excess of $3 billion

- - Currently paying dividend income

There is, of course, no guarantee that the objective of the Trust will be achieved.

With the deposit of the Equity Securities on the Initial Date of Deposit, the Sponsor established a percentage relationship between the amounts of Equity Securities in the Trust's portfolio. From time to time following the Initial Date of Deposit, the Sponsor, pursuant to the Indenture, may deposit additional Equity Securities in the Trust and Units may be continuously offered for sale to the public by means of this Prospectus, resulting in a potential increase in the outstanding number of Units of the Trust. Any additional Equity Securities deposited in the Trust will maintain, as nearly as is practicable, the original proportionate relationship of the Equity Securities in the Trust's portfolio. Any deposit by the Sponsor of additional Equity Securities will duplicate, as nearly as is practicable, the original proportionate relationship and not the actual proportionate relationship on the subsequent date of deposit, since the actual proportionate relationship may be different than the original proportionate relationship. Any such difference may be due to the sale, redemption or liquidation of any of the Equity Securities deposited in the Trust on the Initial, or any subsequent, Date of Deposit. See "How May Equity Securities be Removed from the Trust?" The original percentage relationship of each Equity Security to the Trust is set forth herein under "Schedule of Investments." Since the prices of the underlying Equity Securities will fluctuate daily, the ratio, on a market value basis, will also change daily. The portion of Equity Securities represented by each Unit will not change as

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

a result of the deposit of additional Equity Securities in the Trust.

On the Initial Date of Deposit, each Unit of the Trust represented the undivided fractional interest in the Equity Securities deposited in the Trust set forth under "Summary of Essential Information." to the extent that

Units of the Trust are redeemed, the aggregate value of the Equity Securities in the Trust will be reduced and the undivided fractional interest represented by each outstanding Unit of the Trust will increase. However, if additional Units are issued by the Trust in connection with the deposit of additional Equity Securities by the Sponsor, the aggregate value of the Equity Securities in the Trust will be increased by amounts allocable to additional Units, and the fractional undivided interest represented by each Unit of the Trust will be decreased proportionately. See "How May Units be Redeemed?" The Trust has a Mandatory Termination Date as set forth herein under "Summary of Essential Information."

What are the Expenses and Charges?

At no cost to the Trust, the Sponsor has borne all the expenses of creating and establishing the Trust, including the cost of the initial preparation, printing and execution of the Indenture and the certificates for the Units, legal and accounting expenses, expenses of the Trustee and other out-of-pocket expenses. The Sponsor will not receive any fees in connection with its activities relating to the Trust. However, First Trust Advisors L.P., an affiliate of the Sponsor, will receive an annual supervisory fee, which is not to exceed the amount set forth under "Summary of Essential Information," for providing portfolio supervisory services for the Trust. Such fee is based on the number of Units outstanding in the Trust on January 1 of each year except for the year or years in which an initial offering period occurs in which case the fee for a month is based on the number of Units outstanding at the end of such month. The fee may exceed the actual costs of providing such supervisory services for this Trust, but at no time will the total amount received for portfolio supervisory services rendered to unit investment trusts of which Nike Securities L.P. is the Sponsor in any calendar year exceed the aggregate cost to First Trust Advisors L.P. of supplying such services in such year. See "Underwriting."

Subsequent to the initial offering period, the Evaluator will receive a fee as indicated in the "Summary of Essential Information." The Trustee pays certain expenses of the Trust for which it is reimbursed by the Trust. The Trustee will receive for its ordinary recurring services to the Trust an annual fee computed at $.009 per annum per Unit in the Trust outstanding based upon the largest aggregate number of Units of the Trust outstanding at any time during the year. For a discussion of the services performed by the Trustee pursuant to its obligations under the Indenture, reference is made to the material set forth under "Rights of Unit Holders."

The Trustee's and Evaluator's fees are payable from the Income Account of the Trust to the extent funds are available and then from the Capital Account of the Trust. Since the Trustee has the use of the funds being held in the Capital and Income Accounts for payment of expenses and redemptions and since such Accounts are noninterest-bearing to Unit holders, the Trustee benefits thereby. Part of the Trustee's compensation for its services to the Trust is expected to result from the use of these funds. Both fees may be increased without approval of the Unit holders by amounts not exceeding proportionate increases under the category "All Services Less Rent of Shelter" in the Consumer Price Index published by the United States Department of Labor.

The following additional charges are or may be incurred by the Trust: all legal and annual auditing expenses of the Trustee incurred by or in connection with its responsibilities under the Indenture; the expenses and costs of any action undertaken by the Trustee to protect the Trust and the rights and interests of the Unit holders; fees of the Trustee for any extraordinary services performed under the Indenture; indemnification of the Trustee for any loss, liability or expense incurred by it without negligence, bad faith or willful misconduct on its part, arising out of or in connection with its acceptance or administration of the Trust; indemnification of the Sponsor for any loss, liability or expense incurred without

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

gross negligence, bad faith or willful misconduct in acting as Depositor of the Trust; all taxes and other government charges imposed upon the Securities or any part of the Trust (no such taxes or charges are being levied or made or, to the knowledge of the Sponsor, contemplated). The above expenses and the Trustee's annual fee, when paid or owing to the Trustee, are secured by a lien on the Trust. In addition, the Trustee is empowered to sell Equity Securities in the Trust in order to make funds available to pay all these amounts if funds are not otherwise available in the Income and Capital Accounts of the Trust. Since the Equity Securities are all common stocks and the income stream produced by dividend payments is unpredictable, the Sponsor cannot

provide any assurance that dividends will be sufficient to meet any or all expenses of the Trust. As described above, if dividends are insufficient to cover expenses, it is likely that Equity Securities will have to be sold to meet Trust expenses. These sales may result in capital gains or losses to Unit holders. See "What is the Federal Tax Status of Unit Holders?"

The Indenture requires the Trust to be audited on an annual basis at the expense of the Trust by independent auditors selected by the Sponsor. So long as the Sponsor is making a secondary market for the Units, the Sponsor is required to bear the cost of such annual audits to the extent such cost exceeds $.005 per Unit. Unit holders of the Trust covered by an audit may obtain a copy of the audited financial statements upon request.

What is the Federal Tax Status of Unit Holders?

The following is a general discussion of certain of the Federal income tax consequences of the purchase, ownership and disposition of the Units. The summary is limited to investors who hold the Units as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986 (the "Code"). Unit holders should consult their tax advisers in determining the Federal, state, local and any other tax consequences of the purchase, ownership and disposition of Units in the Trust.

In the opinion of Chapman and Cutler, special counsel for the Sponsor, under existing law:

1. The Trust is not an association taxable as a corporation for Federal income tax purposes; each Unit holder will be treated as the owner of a pro rata portion of the assets of the Trust under the Code; and the income of the Trust will be treated as income of the Unit holders thereof under the Code. Each Unit holder will be considered to have received his pro rata share of the income derived from each Equity Security when such income is received by the Trust.

2. Each Unit holder will have a taxable event when the Trust disposes of an Equity Security (whether by sale, exchange, redemption, or otherwise) or upon the sale or redemption of Units by such Unit holder. The price a Unit holder pays for his Units, including sales charges, is allocated among his pro rata portion of each Equity Security held by the Trust (in proportion to the fair market values thereof on the date the Unit holder purchases his Units) in order to determine his initial cost for his pro rata portion of each Equity Security held by the Trust. For Federal income tax purposes, a Unit holder's pro rata portion of dividends as defined by Section 316 of the Code paid with respect to an Equity Security held by the Trust are taxable as ordinary income to the extent of such corporation's current and accumulated "earnings and profits." A Unit holder's pro rata portion of dividends paid on such Equity Security which exceed such current and accumulated earnings and profits will first reduce a Unit holder's tax basis in such Equity Security, and to the extent that such dividends exceed a Unit holder's tax basis in such Equity Security shall generally be treated as capital gain. In general, any such capital gain will be short-term unless a Unit holder has held his Units for more than one year.

3. A Unit holder's portion of gain, if any, upon the sale or redemption of Units or the disposition of Equity Securities held by the Trust will generally be considered a capital gain except in the case of a dealer or a financial institution and will be long-term if the Unit holder has held his Units for more than one year. A Unit holder's portion of loss, if any, upon the sale

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

or redemption of Units or the disposition of Equity Securities held by the Trust will generally be considered a capital loss except in the case of a dealer or a financial institution and, in general, will be long-term if the Unit holder has held his Units for more than one year. Unit holders should consult their tax advisers regarding the recognition of such capital gains and losses for Federal income tax purposes.

4. The Code provides that "miscellaneous itemized deductions" are allowable only to the extent that they exceed two percent of an individual taxpayer's adjusted gross income. Miscellaneous itemized deductions subject to this limitation under present law include a Unit holder's pro rata share of expenses paid by the Trust, including fees of the Trustee and the Evaluator.

Dividends Received Deduction. A corporation that owns Units will generally be entitled to a 70% dividends received deduction with respect to such Unit holder's pro rata portion of dividends received by the

Trust (to the extent such dividends are taxable as ordinary income, as discussed above) in the same manner as if such corporation directly owned the Equity Securities paying such dividends. However, a corporation owning Units should be aware that Sections 246 and 246A of the Code impose additional limitations on the eligibility of dividends for the 70% dividends received deduction. These limitations include a requirement that stock (and therefore Units) must generally be held at least 46 days (as determined under Section 246(c) of the Code). Proposed regulations have been issued which address special rules that must be considered in determining whether the 46 day holding requirement is met. Moreover, the allowable percentage of the deduction will be reduced from 70% if a corporate Unit holder owns certain stock (or Units) the financing of which is directly attributable to indebtedness incurred by such corporation. It should be noted that various legislative proposals that would affect the dividends received deduction have been introduced. Unit holders should consult with their tax advisers with respect to the limitations on and possible modifications to the dividends received deduction.

To the extent dividends received by a Trust are attributable to foreign corporations, a corporation that owns Units will not be entitled to the dividends received deduction with respect to its pro rata portion of such dividends, since the dividends received deduction is generally available only with respect to dividends paid by domestic corporations.

Recognition of Taxable Gain or Loss Upon Disposition of Securities by the Trust or Disposition of Units. As discussed above, a Unit holder may recognize taxable gain (or loss) when an Equity Security is disposed of by the Trust or if the Unit holder disposes of a Unit. For taxpayers other than corporations, net capital gains are subject to a maximum stated marginal tax rate of 28%.

The Revenue Reconciliation Act of 1993 (the "Tax Act") was recently enacted. The Tax Act raises tax rates on ordinary income while capital gains remain subject to a 28% maximum stated rate. Because some or all capital gains are taxed at a comparatively lower rate under the Tax Act, the Tax Act includes a provision that would recharacterize capital gains as ordinary income in the case of certain financial transactions that are "conversion transactions" effective for transactions entered into after April 30, 1993. Unit holders and prospective investors should consult with their tax advisers regarding the potential effect of this provision on their investment in Units.

Special Tax Consequences of In-Kind Distributions Upon Redemption of Units or Termination of the Trust. As discussed in "Rights of Unit Holders-How are Income and Capital Distributed?", under certain circumstances a Unit holder who owns at least 2,300 Units may request an In-Kind Distribution upon the redemption of Units or the termination of the Trust. The Unit holder requesting an In-Kind Distribution will be liable for expenses related thereto (the "Distribution Expenses") and the amount of such In-Kind Distribution will be reduced by the amount of the Distribution Expenses. See "Rights of Unit Holders-How are Income and Capital Distributed?" As previously discussed, prior to the redemption of Units or the termination of the Trust, a Unit holder is considered as owning a pro rata portion of each of the Trust assets for Federal income

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

tax purposes. The receipt of an In-Kind Distribution upon the redemption of Units or the termination of the Trust would be deemed an exchange of such Unit holder's pro rata portion of each of the shares of stock and other assets held by the Trust in exchange for an undivided interest in whole shares of stock plus, possibly, cash.

There are generally three different potential tax consequences which may occur under an In-Kind Distribution with respect to each Equity Security owned by the Trust. An "Equity Security" for this purpose is a particular class of stock issued by a particular corporation. If the Unit holder receives only whole shares of an Equity Security in exchange for his or her pro rata portion in each share of such security held by the Trust, there is no taxable gain or loss recognized upon such deemed exchange pursuant to Section 1036 of the Code. If the Unit holder receives whole shares of a particular Equity Security plus cash in lieu of a fractional share of such Equity Security, and if the fair market value of the Unit holder's pro rata portion of the shares of such Equity Security exceeds his tax basis in his pro rata portion of such Equity Security, taxable gain would be recognized in an amount not to exceed the amount of such cash received, pursuant to Section 1031(b) of the Code. No taxable loss would be recognized upon such an exchange pursuant to Section 1031(c) of the Code, whether or not cash is received in lieu of a fractional share. Under either of these circumstances, special rules will be applied under Section 1031(d) of the Code to determine the Unit holder's tax basis in the shares

of such particular Equity Security which he receives as part of the In-Kind Distribution. Finally, if a Unit holder's pro rata interest in an Equity Security does not equal a whole share, he may receive entirely cash in exchange for his pro rata portion of a particular Equity Security. In such case, taxable gain or loss is measured by comparing the amount of cash received by the Unit holder with his tax basis in such Equity Security.

Because the Trust will own many Equity Securities, a Unit holder who requests an In-Kind Distribution will have to analyze the tax consequences with respect to each Equity Security owned by the Trust. In analyzing the tax consequences with respect to each Equity Security, such Unit holder must allocate the Distribution Expenses among the Equity Securities (the "Allocable Expenses"). The Allocable Expenses will reduce the amount realized with respect to each Equity Security so that the fair market value of the shares of such Equity Security received (if any) and cash received in lieu thereof (as a result of any fractional shares) by such Unit holder should equal the amount realized for purposes of determining the applicable tax consequences in connection with an In-Kind Distribution. A Unit holder's tax basis in shares of such Equity Security received will be increased by the Allocable Expenses relating to such Equity Security. The amount of taxable gain (or loss) recognized upon such exchange will generally equal the sum of the gain (or loss) recognized under the rules described above by such Unit holder with respect to each Equity Security owned by the Trust. Unit holders who request an In-Kind Distribution are advised to consult their tax advisers in this regard.

General. Each Unit holder will be requested to provide the Unit holder's taxpayer identification number to the Trustee and to certify that the Unit holder has not been notified that payments to the Unit holder are subject to back-up withholding. If the proper taxpayer identification number and appropriate certification are not provided when requested, distributions by the Trust to such Unit holder (including amounts received upon the redemption of Units) will be subject to back-up withholding. Distributions by the Trust (other than those that are not treated as U.S. source income) will generally be subject to United States income taxation and withholding in the case of Units held by non-resident alien individuals, foreign corporations or other non-United States persons. Such persons should consult their tax advisers.

It should be noted that payments to the Trusts of dividends on Equity Securities that are attributable to foreign corporations may be subject to foreign withholding taxes and Unit holders should consult their tax advisers regarding the potential tax consequences relating to the payment of any such withholding taxes by the Trusts. Any dividends withheld as a result thereof will nevertheless be treated as income to the Unit holders. Because, under the grantor

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

trust rules, an investor is deemed to have paid directly his share of foreign taxes that have been paid or accrued, if any, an investor may be entitled to a foreign tax credit or deduction for United States tax purposes with respect to such taxes. Investors should consult their tax advisers with respect to foreign withholding taxes and foreign tax credits.

Unit holders will be notified annually of the amounts of income dividends includable in the Unit holder's gross income and amounts of Trust expenses which may be claimed as itemized deductions.

Dividend income and long-term capital gains may also be subject to state and local taxes. Investors should consult their tax advisers for specific information on the tax consequences of particular types of distributions.

Unit holders desiring to purchase Units for tax-deferred plans and IRAs should consult their broker for details on establishing such accounts. Units may also be purchased by persons who already have self-directed plans established. See "Why are Investments in the Trust Suitable for Retirement Plans?"

In the opinion of Carter, Ledyard & Milburn, Special Counsel to the Trust for New York tax matters, under the existing income tax laws of the State of New York, the Trust is not an association taxable as a corporation and the income of the Trust will be treated as the income of the Unit holders thereof.

Why are Investments in the Trust Suitable for Retirement Plans?

Units of the Trust may be well suited for purchase by Individual Retirement Accounts, Keogh Plans, pension funds and other tax-deferred retirement plans, certain of which are briefly described below. Generally, the Federal income tax relating to capital gains and income received in each of the foregoing plans is deferred until distributions are received. Distributions from such plans are generally treated as ordinary

income but may, in some cases, be eligible for special 10 year averaging or tax-deferred rollover treatment. The Code substitutes 5 year averaging for 10 year averaging for qualifying lump sum plan distributions after December 31, 1986 although certain transition rules apply which retain 10 year averaging for qualifying recipients who attained age 50 before January 1, 1986. Moreover, the Code contains provisions which adversely affect the continued deductibility of annual contributions to an IRA beginning in 1987. Investors considering participation in any such plan should review specific tax laws related thereto and should consult their attorneys or tax advisers with respect to the establishment and maintenance of any such plan. Such plans are offered by brokerage firms and other financial institutions. Fees and charges with respect to such plans may vary.

Individual Retirement Account-IRA. The deductible amount an individual may contribute will be reduced to the extent an individual has adjusted gross income over $25,000 ($40,000 if married, filing jointly or $0 if married, living apart and filing separately), if either an individual or that individual's spouse (if married, filing jointly) is an active participant in an employer maintained retirement plan. If an individual has adjusted gross income over $35,000 ($50,000 if married, filing jointly or $0 if married, living apart and filing separately), and if an individual or that individual's spouse is an active participant in an employer maintained retirement plan, no IRA deduction is permitted. Under the Code, an individual may make nondeductible contributions to the extent deductible contributions are not allowed. The combined deductible and nondeductible limit for an individual under the Code is the lesser of $2,000 ($2,250 in the case of a spousal IRA) or 100 percent of compensation. Generally, the Federal income tax relating to capital gains and income received in an IRA is deferred until distributions are received. Distributions from an IRA (other than the return of certain excess contributions) are treated as ordinary income, except that under the Code an individual need not pay tax on the return of nondeductible contributions. The Code provides that if amounts are withdrawn from an IRA which includes both deductible and nondeductible contributions, the amount excludable from income for the taxable year is the same proportion to the total amount withdrawn for the taxable year that the individual's aggregate nondeductible IRA contributions bear to the aggregate

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

balance of all IRAs of the individual.

It should be noted that certain transactions which are prohibited under the Code will cause all or a portion of the amount in an IRA to be deemed to be distributed and subject to tax at that time. A participant's entire interest in an IRA must be, or commence to be, distributed to the participant not later than April 1 of the calendar year following the year during which the individual attains age 70 1/2. Excess contributions are subject to an annual 6% excise tax. Distributions made before attainment of age 59 1/2, except in the case of the participant's death or disability, separation from service after attaining age 55, qualified domestic relations orders or distributions applied to certain medical expenses or where the amount distributed is to be rolled over to another IRA, or if distributions are in a form of substantially equal periodic payments over the life or life expectancy of the individual, or over the joint lives of the individual and the individual's beneficiary, are generally subject to a surtax in an amount equal to 10% of the taxable portion of the distribution.

Retirement Plans for the Self-Employed-Keogh Plans. Units of the Trust may be purchased by retirement plans established pursuant to the Self-Employed Individuals Tax Retirement Act of 1962 ("Keogh Plans"). Such plans are available for self-employed individuals, partnerships or unincorporated companies. Under existing law, qualified individuals may generally make annual tax-deductible contributions to a defined contribution Keogh Plan of up to the lesser of 25% of annual compensation (less the Keogh Plan contribution) or $30,000 for taxable years beginning after December 31, 1983. A defined benefit Keogh Plan is limited to providing benefits each year which do not exceed the lesser of $90,000 (as adjusted for inflation) or 100% of average compensation for the highest three consecutive calendar years. The assets of the Keogh Plans must be held in a qualified trust or other arrangement which meets the requirements of the Code. Generally, a participant's entire interest in a Keogh Plan must be, or commence to be, distributed to the participant not later than April 1 of the calendar year following the year during which the individual attains age 70 1/2. Excess contributions to a Keogh Plan are subject to an annual 10% excise tax. Distributions made before attainment of age 59 1/2, except in the case of the participant's death or disability, separation from service after attaining age 55, qualified domestic relations orders or distributions applied

to certain medical expenses or where the amount distributed is to be rolled over to an IRA or another qualified plan, or if distributions are in a form of substantially equal periodic payments over the life or life expectancy of the individual, or over the joint lives of the individual and the individual's beneficiary, are generally subject to a surtax in an amount equal to 10% of the distribution.

Corporate Pension and Profit-Sharing Plans. An employer who has established a pension or profit-sharing plan for employees may purchase Units of the Trust for such a plan.

Excess Distributions Tax. In addition to the other taxes due by reason of a plan distribution, a tax of 15% may apply to certain aggregate distributions from IRAs, Keogh Plans, and qualified corporate retirement plans to the extent such aggregate taxable distributions exceed specified amounts (generally $150,000, as adjusted or $112,500, as adjusted, if the recipient has made a "grandfather election") during the tax year. This 15% tax will not apply to distributions on account of death, qualified domestic relations orders or amounts rolled over to an eligible plan. In general, for qualifying lump sum distributions the excess distribution over $750,000, as adjusted, or $562,000, as adjusted, if the recipient has made a "grandfather election," will be subject to the 15% tax.

Excess Accumulations Tax. On the participant's death, a 15% tax will be imposed on aggregate balances remaining in IRAs, Keogh Plans and qualified corporate retirement plans to the extent those balances exceed specified levels. If a spouse is the death beneficiary of all balances and makes a spousal election, the imposition of the tax may be postponed until the spouse's death unless such spouse receives excess distributions during the spouse's life. In such a case, the spouse will be treated as the participant and will be liable for the 15% tax on excess distributions, as described above.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

What are Equity Securities?

The Trust consists of different issues of Equity Securities issued by international blue chip companies listed on a national securities exchange or the NASDAQ National Market System or traded in the over-the-counter market. Each of the companies whose Equity Securities are included in the portfolio are recognized as well-established blue chip corporations because of their market dominance, substantial financial resources, and because the products and services they produce are used worldwide. See "What are the Equity Securities Selected for International Blue Chip Trust, Series 1?" for a general description of the companies.

The Trust consists of such of the Equity Securities listed under "Schedule of Investments" as may continue to be held from time to time in the Trust and any additional Equity Securities acquired and held by the Trust pursuant to the provisions of the Trust Agreement together with cash held in the Income and Capital Accounts. Neither the Sponsor nor the Trustee shall be liable in any way for any failure in any of the Equity Securities. However, should any contract for the purchase of any of the Equity Securities initially deposited hereunder fail, the Sponsor will, unless substantially all of the moneys held in the Trust to cover such purchase are reinvested in substitute Equity Securities in accordance with the Trust Agreement, refund the cash and sales charge attributable to such failed contract to all Unit holders on the next distribution date.

Because certain of the Equity Securities from time to time may be sold under certain circumstances described herein, and because the proceeds from such events will be distributed to Unit holders and will not be reinvested, no assurance can be given that the Trust will retain for any length of time its present size and composition. Although the Portfolio is not managed, the Sponsor may instruct the Trustee to sell Equity Securities under certain limited circumstances. Pursuant to the Indenture and with limited exceptions, the Trustee may sell any securities or other property acquired in exchange for Equity Securities such as those acquired in connection with a merger or other transaction. If offered such new or exchanged securities or property, the Trustee shall reject the offer. However, in the event such securities or property are nonetheless acquired by the Trust, they may be accepted for deposit in the Trust and either sold by the Trustee or held in the Trust pursuant to the direction of the Sponsor (who may rely on the advice of the Portfolio Supervisor) . See "How May Equity Securities be Removed from the Trust?" Equity Securities, however, will not be sold by the

Trust to take advantage of market fluctuations or changes in anticipated rates of appreciation or depreciation.

Since certain of the Equity Securities in the Trusts consist of securities of foreign issuers, an investment in the Trusts involves some investment risks that are different in some respects from an investment in a trust that invests entirely in securities of domestic issuers. Those investment risks include future political and governmental restrictions which might adversely affect the payment or receipt of payment of dividends on the relevant Equity Securities, currency exchange rate fluctuations, exchange control policies, and the limited liquidity and small market capitalization of such foreign countries' securities markets. In addition, for the foreign issuers that are not subject to the reporting requirements of the Securities Exchange Act of 1934, there may be less publicly available information than is available from a domestic issuer. Also, foreign issuers are not necessarily subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to domestic issuers. However, due to the nature of the issuers of Equity Securities included in the Trusts, the Sponsor believes that adequate information will be available to allow the Portfolio Supervisor to provide portfolio surveillance.

The securities of certain of the foreign issuers in the Trusts are in ADR form. ADRs evidence American Depositary Receipts which represent common stock deposited with a custodian in a depositary. American Depositary Shares, and receipts therefor (ADRs), are

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

issued by an American bank or trust company to evidence ownership of underlying securities issued by a foreign corporation. These instruments may not necessarily be denominated in the same currency as the securities into which they may be converted. For purposes of the discussion herein, the term ADR generally includes American Depositary Shares.

ADRs may be sponsored or unsponsored. In an unsponsored facility, the depositary initiates and arranges the facility at the request of market makers and acts as agent for the ADR holder, while the company itself is not involved in the transaction. In a sponsored facility, the issuing company initiates the facility and agrees to pay certain administrative and shareholder-related expenses. Sponsored facilities use a single depositary and entail a contractual relationship between the issuer, the shareholder and the depositary; unsponsored facilities involve several depositaries with no contractual relationship to the company. The depositary bank that issues an ADR generally charges a fee, based on the price of the ADR, upon issuance and cancellation of the ADR. This fee would be in addition to the brokerage commissions paid upon the acquisition or surrender of the security. In addition, the depositary bank incurs expenses in connection with the conversion of dividends or other cash distributions paid in local currency into U.S. dollars and such expenses are deducted from the amount of the dividend or distribution paid to holders, resulting in a lower payout per underlying shares represented by the ADR than would be the case if the underlying share were held directly. Certain tax considerations, including tax rate differentials and withholding requirements, arising from applications of the tax laws of one nation to nationals of another and from certain practices in the ADR market may also exist with respect to certain ADRs. In varying degrees, any or all of these factors may affect the value of the ADR compared with the value of the underlying shares in the local market. In addition, the rights of holders of ADRs may be different than those of holders of the underlying shares, and the market for ADRs may be less liquid than that for the underlying shares. ADRs are registered securities pursuant to the Securities Act of 1933 and may be subject to the reporting requirements of the Securities Exchange Act of 1934.

For those Equity Securities that are ADRs, currency fluctuations will affect the U.S. dollar equivalent of the local currency price of the underlying domestic share and, as a result, are likely to affect the value of the ADRs and consequently the value of the Equity Securities. The foreign issuers of securities that are ADRs may pay dividends in foreign currencies which must be converted into dollars. Most foreign currencies have fluctuated widely in value against the United States dollar for many reasons, including supply and demand of the respective currency, the soundness of the world economy and the strength of the respective economy as compared to the economies of the United States and other countries. Therefore, for any securities of issuers (whether or not they are in ADR form) whose earnings are stated in foreign currencies, or which pay dividends in foreign currencies or which are traded in foreign currencies, there is a risk that their United States dollar value will vary with fluctuations in the United States dollar foreign exchange rates for the relevant currencies.

On the basis of the best information available to the Sponsor at the present time, none of the Equity Securities are subject to exchange control restrictions under existing law which would materially interfere with payment to the Trusts of dividends due on, or proceeds from the sale of, the Equity Securities. However, there can be no assurance that exchange control regulations might not be adopted in the future which might adversely affect payment to the Trusts. In addition, the adoption of exchange control regulations and other legal restrictions could have an adverse impact on the marketability of international securities in the Trusts and on the ability of the Trusts to satisfy their obligation to redeem Units tendered to the Trustee for redemption.

Whether or not the Equity Securities are listed on a national securities exchange, the principal trading market for the Equity Securities may be in the over-the-counter market. As a result, the existence of a liquid trading market for the Equity Securities may depend on whether dealers will make a market in the Equity Securities. There can be no assurance that a market will be made for any of the Equity Securities, that any market for the Equity Securities will be maintained or of the liquidity of the Equity

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Securities in any markets made. The recent investigation by the Securities and Exchange Commission of illegal insider trading in connection with corporate takeovers, and possible congressional inquiries and legislation relating to this investigation, may adversely affect the ability of certain dealers to remain market makers. In addition, the Trust may be restricted under the Investment Company Act of 1940 from selling Equity Securities to the Sponsor. The price at which the Equity Securities may be sold to meet redemptions, and the value of the Trust, will be adversely affected if trading markets for the Equity Securities are limited or absent.

An investment in Units should be made with an understanding of the risks which an investment in common stocks entails, including the risk that the financial condition of the issuers of the Equity Securities or the general condition of the common stock market may worsen and the value of the Equity Securities and therefore the value of the Units may decline. Common stocks are especially susceptible to general stock market movements and to volatile increases and decreases of value as market confidence in and perceptions of the issuers change. These perceptions are based on unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic or banking crises. Shareholders of common stocks have rights to receive payments from the issuers of those common stocks that are generally subordinate to those of creditors of, or holders of debt obligations or preferred stocks of, such issuers. Shareholders of common stocks of the type held by the Trust have a right to receive dividends only when and if, and in the amounts, declared by the issuer's board of directors and have a right to participate in amounts available for distribution by the issuer only after all other claims on the issuer have been paid or provided for. Common stocks do not represent an obligation of the issuer and, therefore, do not offer any assurance of income or provide the same degree of protection of capital as do debt securities. The issuance of additional debt securities or preferred stock will create prior claims for payment of principal, interest and dividends which could adversely affect the ability and inclination of the issuer to declare or pay dividends on its common stock or the rights of holders of common stock with respect to assets of the issuer upon liquidation or bankruptcy. The value of common stocks is subject to market fluctuations for as long as the common stocks remain outstanding, and thus the value of the Equity Securities in the Portfolio may be expected to fluctuate over the life of the Trust to values higher or lower than those prevailing on the Initial Date of Deposit.

Holders of common stocks incur more risk than holders of preferred stocks and debt obligations because common stockholders, as owners of the entity, have generally inferior rights to receive payments from the issuer in comparison with the rights of creditors of, or holders of debt obligations or preferred stocks issued by, the issuer. Cumulative preferred stock dividends must be paid before common stock dividends and any cumulative preferred stock dividend omitted is added to future dividends payable to the holders of cumulative preferred stock. Preferred stockholders are also generally entitled to rights on liquidation which are senior to those of common stockholders.

Unit holders will be unable to dispose of any of the Equity Securities in the Portfolio, as such, and will not be able to vote the Equity Securities. As the holder of the Equity Securities, the Trustee will have the right to vote

all of the voting stocks in the Trust and will vote such stocks in accordance with the instructions of the Sponsor.

The Underwriter has acquired or will acquire the Equity Securities for the Sponsor and thereby benefits from transaction fees. The Underwriter in its general securities business acts as agent or principal in connection with the purchase and sale of equity securities, including the Equity Securities in the Trust, and may act as a market maker in certain of the Equity Securities. The Underwriter also from time to time may issue reports on and make recommendations relating to equity securities, which may include the Equity Securities.

What are the Equity Securities Selected for International Blue Chip Trust, Series 1?

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

The Underwriter and Sponsor have created the Trust to capitalize on the size of the global economy, the familiarity of the selected companies and their products, and the continuing technological advancements that provide easier access to information about foreign markets. The Trust consists of common stocks of international blue chip companies, the majority of which are in American Depositary Receipt ("ADR") form, which are selected on the basis of the following requirements:

- - Among the 500 largest public foreign companies in the world

- - Market capitalization in excess of $1 billion

- - Annual sales in excess of $3 billion

- - Currently paying dividend income

Issuers of Equity Securities selected for inclusion in the Portfolio are as follows:

Akzo N.V. (ADR), headquartered in Arnhem, The Netherlands, is a diversified multinational company which produces basic, specialty and functional chemicals for a variety of industries worldwide. The company's fiber and polymers group manufactures fibers for industrial and textile uses. Akzo N.V. also makes paints, stains, synthetic resins, ethical and nonprescription drugs and hospital-related supplies.

Asea AB (ADR), headquartered in Stockholm, Sweden, owns a 50% interest in Asea Brown Boveri, Ltd., a global holding company for electrical utilities, companies involved in public transportation, process automation, oil and gas and others.

Banco Santander (ADR) based in Madrid, Spain, is a bank holding company. Through its wholly-owned subsidiary, Banco Santander, S.A., the Bank provides commercial banking activities through branches and other member banks. The Bank serves small- to medium-sized companies in Spain, Europe and elsewhere. Banco Santander also provides leasing, factoring, mortgage financing and credit life insurance underwriting.

BASF A.G. (ADR), headquartered in Ludwigshafen am Rhein, Germany, is one of the world's largest chemical companies. The company manufactures a variety of different products, concentrating on chemicals, consumer products, polymer materials, coatings and color products and fiber and textile goods.

Benetton Group SPA (ADR), headquartered in Ponzano Veneto, Italy, designs, manufactures and markets casual apparel for men, women and children. The company's products are sold through stores worldwide, a portion of which are in the United States. Benetton licenses its trademark for products made and sold by other companies. These items include watches, sunglasses and other fashion accessories.

British Airways PLC (ADR) headquartered in Hounslow, Middlesex, United Kingdom, operates one of Europe's most efficient and profitable airlines. The company operates an extensive international and domestic route network and also conducts charters and inclusive tours.

British Steel PLC (ADR), through its subsidiaries, manufactures constructional steel, rails, welded tubes and semifinished products, as well as coated and uncoated steel products. The company, headquartered in London, England, also has holdings in companies which manufacture wire rods, bars and rods for concrete reinforcing, light sections or engineering steels. The company markets its products to end users worldwide.

Broken Hill Proprietary Company, Ltd. (ADR), together with its subsidiaries, is an international resources company, headquartered in Melbourne, Australia. The company is the largest Australian company which focuses on steel production, minerals exploration and production and petroleum exploration. The company's mineral products include thermal and cooking coals, iron ore, copper, manganese, gold, mineral sands, nickel and zinc.

Burmah Castrol PLC (ADR), headquartered in Swindon, United Kingdom, produces lubricants and other products under the Castrol brand name. The company also produces specialty chemicals which include

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

adhesives, sealants, coatings and printing inks. The company also manufactures metallurgical and construction chemicals through the acquisition of Foresco PLC. Oil and gas interests are concentrated in Pakistan.

Ciba-Geigy (ADR), with headquarters in Rueil-Malmaison, France, produces pharmaceuticals and chemicals. The company also manufactures agricultural products, pesticides and genetically-altered plants. Ciba-Geigy has operations throughout the world.

Coles Myer Limited (ADR) headquartered in Tooronga, Australia, is the largest retailer in Australia and New Zealand. The stores consist of department, discount, food and specialty retail operations. The stores operate under the names of "Coles New World" supermarkets, "K Mart" discount stores, "Myer" stores, "Grace Brothers," "Georgie Pie" family restaurants, and "World for Kids" toy and leisure superstores.

Dresdner Bank (ADR), with headquarters based in Frankfurt, Germany, provides commercial loans to governments and other banks, as well as to industrial companies. The Bank also provides mortgage banking services, investment management services, counseling and other financial services. Dresdner operates through worldwide branches.

Hanson PLC (ADR), based in London, England, is a United Kingdom holding company whose subsidiaries manufacture consumer and industrial goods and building products, including textiles, clothing, cookware, appliances, toys, tobacco products, coal, forest products, office furniture, aircraft components, tools, doors, plywood and cement. The subsidiaries are located in the United Kingdom and the United States.

Hudson's Bay Company, headquartered in Toronto, Canada, is one of the larger operators of department stores in Canada. The company operates retail department store chains under the names "Zellers," "The Bay," "Fields," "Towers" and "Simpsons."

Jardine Matheson Holdings, Ltd. (ADR), with headquarters based in Hong Kong, is a holding company with operations in trading and distribution, restaurants, motor vehicles, engineering and construction, aviation and shipping services. The company's operations also include security, financial services, property, insurance brokering and merchant banking. Jardine Matheson Holdings Ltd.'s subsidiaries include Jardine Fleming, Dairy Farm, Jardine Pacific and Hong Kong Land.

Minorco, S.A. (ADR), headquartered in Grand Duchy of Luxembourg, is a natural resources group with interests in mining and the processing of metals and industrial materials. The strategy of the company is to build a portfolio of operating assets in gold and base metals, industrial minerals and other industrial interests.

National Westminster Bank (ADR), headquartered in London, England, provides a wide range of banking services throughout the world. Services include corporate finance, currency trading, insurance brokering and retail banking services. The company also operates offices in New York and New Jersey.

NEC Corporation (ADR), based out of Tokyo, Japan, is the world leader in manufacturing communications and computer equipment. The company's communications equipment includes switching system, fiber-optic transmission systems, radio equipment, and television and radio broadcast equipment. The company manufactures semiconductor manufacturing equipment and computers ranging from minicomputers to supercomputers.

Nestle S.A. (ADR), with headquarters located in Vevey, Switzerland, is a holding company. The company's subsidiaries produce and sell drinks, cereals, powdered milk, culinary products, frozen food, ice cream, ready-to-eat dishes, refrigerated products, food service products, pet food, pharmaceuticals, and cosmetics. Nestle has production facilities throughout the world.

Norsk-Hydro A.S. (ADR), headquartered in Oslo, Norway, is one of the largest industrial corporations in Norway. The company has interests in agriculture, oil and gas, light metals and petrochemicals. Its products include fertilizers, bulk explosives, semi-fabricated products, vinyl chloride monomer, chlorine and PVC.

Petrofina S.A. (ADR), with headquarters located in Brussels, Belgium, explores for and produces oil onshore and offshore in the United

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

States, Africa, Asia and Europe. The company also distributes and processes

crude oil and natural gas throughout France, Great Britain, Italy, The Netherlands, and Norway. The company operates metal refineries in Belgium, Germany and Great Britain.

Repsol S.A. (ADR), based in Madrid, Spain, is an integrated oil company that explores for, develops and produces oil and gas. The company is also involved in the transportation of petroleum products, refining, production of petrochemicals and liquified petroleum gas.

Royal Dutch Petroleum Company, headquartered in The Hague, The Netherlands, owns a majority interest in the Royal Dutch/Shell Group of companies which are involved in all phases of the petroleum industry from exploration to final processing and delivery. The company also mines and trades coal and metal interests and is involved in the petrochemicals industry.

Siemens A.G. (ADR), headquartered in Munich, Germany, is Germany's third largest electronics manufacturer. The company's principal areas of business include computers, telecommunications, lighting, appliances and electric machinery.

SmithKline Beecham PLC (ADR), headquartered in Brentford, United Kingdom, researches, develops, manufactures and markets a broad line of pharmaceutical products for human and animal use. The company also makes over-the-counter medicines and health-orientated consumer products. These products include "Contact," "Massengill," "Tums" and "Aquafresh."

Societe Nationale Elf Aquitaine (ADR), based in Paris, France, is an oil and gas company that explores for, develops, produces, refines and sells petroleum products, selling its products in France and Europe. The company also produces specialty chemicals, health care products and perfumes.

Sony Corporation (ADR), headquartered in Tokyo, Japan, manufactures consumer electronic equipment and has one of the most recognized brand names in the world. The company's products include color television sets and videotape recorders.

Total Compagnie Francaise des Petroles (ADR), headquartered in Paris, France, explores for, produces, trades, refines and markets oil and gas around the world. The company also has interests in other segments including the chemical and uranium mining industries. The company's products include gasoline, jet fuel, heating fuel, lubricants, paints, adhesives, ink and resins.

Toyota Motor Corporation (ADR), whose headquarters are located in Aidri, Japan, manufactures, designs and sells a full line of cars and trucks. The company has also expanded into financial services, industrial vehicles and prefabricated housing.

Unilever N.V. (ADR), based in Rotterdam, The Netherlands, manufactures branded and packaged consumer goods including margarine, frozen foods, ice cream and personal products. The company also has interests in specialty chemicals, agribusiness, packaging and medical product operations. The company's brand names include "Lipton Tea," "Dove," "Vaseline" and "Q-Tips." Unilever N.V. is one of the world's largest packaged consumer good companies and operates internationally.

Vitro S.A. (ADR), headquartered in Monterrey, Mexico, manufactures a variety of products including glass containers, glassware, flatglass and fiberglass. The company, through majority-owned ventures or its affiliates, also manufactures major household appliances, chemicals and state-of-the-art glass forming machines. The company sells its products internationally.

What are Some Additional Considerations for Investors?

Investors should be aware of certain other considerations before making a decision to invest in the Trust.

The value of the Equity Securities will fluctuate over the life of the Trust and may be more or less than the price at which they were deposited in the Trust. The Equity Securities may appreciate or depreciate in value (or pay dividends) depending on the full

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

range of economic and market influences affecting these securities.

The Sponsor and the Trustee shall not be liable in any way for any default, failure or defect in any Security. In the event of a notice that any Equity Security will not be delivered ("Failed Contract Obligations") to the Trust, the Sponsor is authorized under the Indenture to direct the Trustee to acquire other Equity Securities ("Replacement Securities"). Any Replacement Security will be identical to those which were the subject of the failed contract. The Replacement Securities must be purchased within 20 days after delivery of

the notice of a failed contract and the purchase price may not exceed the amount of funds reserved for the purchase of the Failed Contract Obligations.

If the right of limited substitution described in the preceding paragraphs is not utilized to acquire Replacement Securities in the event of a failed contract, the Sponsor will refund the sales charge attributable to such Failed Contract Obligations to all Unit holders of the Trust and the Trustee will distribute the principal attributable to such Failed Contract Obligations not more than 120 days after the date on which the Trustee received a notice from the Sponsor that a Replacement Security would not be deposited in the Trust. In addition, Unit holders should be aware that, at the time of receipt of such principal, they may not be able to reinvest such proceeds in other securities at a yield equal to or in excess of the yield which such proceeds would have earned for Unit holders of the Trust.

The Indenture also authorizes the Sponsor to increase the size of the Trust and the number of Units thereof by the deposit of additional Equity Securities in the Trust and the issuance of a corresponding number of additional Units.

The Trust consists of the Equity Securities listed under "Schedule of Investments" (or contracts to purchase such Securities) as may continue to be held from time to time in the Trust and any additional Equity Securities acquired and held by the Trust pursuant to the provisions of the Indenture (including provisions with respect to deposits into the Trust of Equity Securities in connection with the issuance of additional Units).

Once all of the Equity Securities in the Trust are acquired, the Trustee will have no power to vary the investments of the Trust, i.e., the Trustee will have no managerial power to take advantage of market variations to improve a Unit holder's investment, but may dispose of Equity Securities only under limited circumstances. See "How May Equity Securities be Removed from the Trust?"

To the best of the Sponsor's knowledge, there is no litigation pending as of the Initial Date of Deposit in respect of any Equity Security which might reasonably be expected to have a material adverse effect on the Trust. At any time after the Initial Date of Deposit, litigation may be instituted on a variety of grounds with respect to the Equity Securities. The Sponsor is unable to predict whether any such litigation will be instituted, or if instituted, whether such litigation might have a material adverse effect on the Trust.

PUBLIC OFFERING

How is the Public Offering Price Determined?

Units are offered at the Public Offering Price. During the initial offering period, the Public Offering Price is based on the aggregate underlying value of the Equity Securities in the Trust, plus or minus cash, if any, in the Income and Capital Accounts of the Trust, plus a sales charge of 5.5% (equivalent to 5.82% of the net amount invested), divided by the amount of Units of the Trust outstanding.

During the initial offering period, the Sponsor's Repurchase Price is based on the aggregate underlying value of the Equity Securities in the Trust, plus or minus cash, if any, in the Income and Capital Accounts of the Trust divided by the number of Units of the Trust outstanding. For secondary market sales after the completion of the initial offering period, the Public Offering Price is also based on the aggregate underlying value of the Equity Securities

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

in the Trust, plus or minus cash, if any, in the Income and Capital Accounts of the Trust, plus a maximum sales charge of 5.5% of the Public Offering Price (equivalent to 5.82% of the net amount invested) divided by the number of outstanding Units of the Trust.

The minimum purchase of the Trust is $1,000. The applicable sales charge for both primary and secondary market sales is reduced by a discount as indicated below for volume purchases:

<TABLE>
<CAPTION>

Number of Units	Discount
<S>	<C>
10,000 to 24,999	1.0%
25,000 to 49,999	1.5%
50,000 or more	2.0%

</TABLE>

For secondary market transactions, a dealer will receive from the Sponsor a dealer concession of 65% of the total sales charges for Units sold.

Any such reduced sales charge shall be the responsibility of the selling Underwriter or dealer except the Sponsor will pay the Underwriter an additional concession of .40% for purchases between $50,000 and $99,999 and .50% for purchases of 100,000 Units or more. The reduced sales charge structure will apply on all purchases of Units in the Trust by the same person on any one day from any one underwriter or dealer. Additionally, Units purchased in the name of the spouse of a purchaser or in the name of a child of such purchaser under 21 years of age will be deemed, for the purposes of calculating the applicable sales charge, to be additional purchases by the purchaser. The reduced sales charges will also be applicable to a trustee or other fiduciary purchasing securities for a single trust estate or single fiduciary account. The purchaser must inform the Underwriter or dealer of any such combined purchase prior to the sale in order to obtain the indicated discount. In addition, with respect to the employees, officers and directors (including their immediate family members, defined as spouses, children, grandchildren, parents, grandparents, mothers-in-law, fathers-in-law, sons-in-law and daughters-in-law, and trustees, custodians or fiduciaries for the benefit of such persons) of the Sponsor and the Underwriter and their subsidiaries, the sales charge is reduced by 4.1% of the Public Offering Price for purchases of Units during the primary and secondary public offering periods.

Had the Units of the Trust been available for sale on the business day prior to the Initial Date of Deposit, the Public Offering Price would have been as indicated in "Summary of Essential Information." The Public Offering Price of Units on the date of the prospectus or during the initial offering period may vary from the amount stated under "Summary of Essential Information" in accordance with fluctuations in the prices of the underlying Equity Securities. During the initial offering period, the aggregate value of the Units of the Trust shall be determined on the basis of the aggregate underlying value of the Equity Securities therein plus or minus cash, if any, in the Income and Capital Accounts of the Trust. The aggregate underlying value of the Equity Securities will be determined in the following manner: if the Equity Securities are listed on a national securities exchange or the NASDAQ National Market System, this evaluation is generally based on the closing sale prices on that exchange or that system (unless it is determined that these prices are inappropriate as a basis for valuation) or, if there is no closing sale price on that exchange or system, at the closing ask prices. If the Equity Securities are not so listed or, if so listed and the principal market therefore is other than on the exchange, the evaluation shall generally be based on the current ask prices on the over-the-counter market (unless it is determined that these prices are inappropriate as a basis for evaluation). If current ask prices are unavailable, the evaluation is generally determined (a) on the basis of current ask prices for comparable securities, (b) by appraising the value of the Equity Securities on the ask side of the market or (c) by any combination of the above.

After the completion of the initial offering period, the secondary

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

market Public Offering Price will be equal to the aggregate underlying value of the Equity Securities therein, plus or minus cash, if any, in the Income and Capital Accounts of the Trust plus the applicable sales charge.

Although payment is normally made five business days following the order for purchase, payment may be made prior thereto. Cash, if any, made available to the Sponsor prior to the date of settlement for the purchase of Units may be used in the Sponsor's business and may be deemed to be a benefit to the Sponsor, subject to the limitations of the Securities Exchange Act of 1934. Delivery of Certificates representing Units so ordered will be made five business days following such order or shortly thereafter. See "Rights of Unit Holders-How may Units be Redeemed?" for information regarding the ability to redeem Units ordered for purchase.

How are Units Distributed?

During the initial offering period (i) for Units issued on the Initial Date of Deposit and (ii) for additional Units issued after such date as additional Equity Securities are deposited by the Sponsor, Units will be distributed to the public at the then current Public Offering Price. The initial offering period may be up to approximately 180 days. During such period, the Sponsor may deposit additional Equity Securities in the Trust and create additional Units. Units reacquired by the Sponsor during the initial offering period (at prices based upon the aggregate underlying value of the Equity Securities in the Trust plus or minus a pro rata share of cash, if any in the Income and Capital Accounts of the Trust) may be resold at the then current Public

Offering Price. Upon the termination of the initial offering period, unsold Units created or reacquired during the initial offering period will be sold or resold at the then current Public Offering Price.

Upon completion of the initial offering, Units repurchased in the secondary market (see "Will There be a Secondary Market?") may be offered by this prospectus at the secondary market public offering price determined in the manner described above.

It is the intention of the Sponsor to qualify Units of the Trust for sale in a number of states. Sales initially will be made to dealers and others at prices which represent a concession or agency commission of 3.6% of the Public Offering Price, and, for secondary market sales, 3.6% of the Public Offering Price (or 65% of the then current maximum sales charge). However, resales of Units of the Trust by such dealers and others to the public will be made at the Public Offering Price described in the prospectus. The Sponsor reserves the right to change the amount of the concession or agency commission from time to time. Certain commercial banks may be making Units of the Trust available to their customers on an agency basis. A portion of the sales charge paid by these customers is retained by or remitted to the banks in the amounts indicated in the fourth preceding sentence. Under the Glass-Steagall Act, banks are prohibited from underwriting Trust Units; however, the Glass-Steagall Act does permit certain agency transactions and the banking regulators have not indicated that these particular agency transactions are not permitted under such Act. In Texas and in certain other states, any banks making Units available must be registered as broker/dealers under state law.

What are the Sponsor's Profits?

The Underwriter of the Trust will receive a gross sales commission equal to 5.5% of the Public Offering Price of the Units (equivalent to 5.82% of the net amount invested), less any reduced sales charge for quantity purchases as described under "Public Offering-How is the Public Offering Price Determined?" See "Underwriting" for information regarding the receipt of the excess gross sales commissions by the Sponsor from the other Underwriter and additional concessions available to Underwriters, dealers and others. In addition, the Sponsor and the Underwriter may be considered to have realized a profit or to have sustained a loss, as the case may be, in the amount of any difference between the cost of the Equity Securities to the Trust (which is based on the Evaluator's determination of the aggregate offering price of the underlying Equity Securities of such Trust on the Initial Date of Deposit as well as subsequent deposits) and the cost of such Equity Securities to the Sponsor.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

See "Underwriting" and Note (2) of "Schedule of Investments." During the initial offering period, the Underwriter also may realize profits or sustain losses as a result of fluctuations after the Date of Deposit in the Public Offering Price received by the Underwriter upon the sale of Units.

In maintaining a market for the Units, the Sponsor will also realize profits or sustain losses in the amount of any difference between the price at which Units are purchased and the price at which Units are resold (which price includes a sales charge of 5.5%) or redeemed. The secondary market public offering price of Units may be greater or less than the cost of such Units to the Sponsor.

Will There be a Secondary Market?

After the initial offering period, although it is not obligated to do so, the Sponsor intends to, and the Underwriter may, maintain a market for the Units and continuously offer to purchase Units at prices, subject to change at any time, based upon the aggregate underlying value of the Equity Securities in the Trust plus or minus cash, if any, in the Income and Capital Accounts of the Trust. All expenses incurred in maintaining a secondary market, other than the fees of the Evaluator and the costs of the Trustee in transferring and recording the ownership of Units, will be borne by the Sponsor. If the supply of Units exceeds demand, or for some other business reason, the Sponsor may discontinue purchases of Units at such prices. IF A UNIT HOLDER WISHES TO DISPOSE OF HIS UNITS, HE SHOULD INQUIRE OF THE SPONSOR AS TO CURRENT MARKET PRICES PRIOR TO MAKING A TENDER FOR REDEMPTION TO THE TRUSTEE.

RIGHTS OF UNIT HOLDERS

How is Evidence of Ownership Issued and Transferred?

The Trustee is authorized to treat as the record owner of Units that person who is registered as such owner on the books of the Trustee. Ownership of Units may be evidenced by registered certificates executed by the Trustee and the Sponsor. Delivery of certificates representing Units ordered for purchase is normally made five business days following such order or shortly thereafter. Certificates are transferable by presentation and surrender to the Trustee properly endorsed or accompanied by a written instrument or instruments of transfer. Certificates to be redeemed must be properly endorsed or accompanied by a written instrument or instruments of transfer. A Unit holder must sign exactly as his name appears on the face of the certificate with signature guaranteed by a participant in the Securities Transfer Agents Medallion Program ("STAMP") or such other signature guaranty program in addition to, or in substitution for, STAMP, as may be accepted by the Trustee. In certain instances the Trustee may require additional documents such as, but not limited to, trust instruments, certificates of death, appointments as executor or administrator or certificates of corporate authority. Record ownership may occur before settlement.

Certificates will be issued in fully registered form, transferable only on the books of the Trustee in denominations of one Unit or any multiple thereof, numbered serially for purposes of identification.

Unit holders may elect to hold their Units in uncertificated form. The Trustee will maintain an account for each such Unit holder and will credit each such account with the number of Units purchased by that Unit holder. Within two business days of the issuance or transfer of Units held in uncertificated form, the Trustee will send to the registered owner of Units a written initial transaction statement containing a description of the Trust; the number of Units issued or transferred; the name, address and taxpayer identification number, if any, of the new registered owner; a notation of any liens and restrictions of the issuer and any adverse claims to which such Units are or may be subject or a statement that there are no such liens, restrictions or adverse claims; and the date the transfer was registered. Uncertificated Units are transferable through the same procedures applicable to Units evidenced by certificates (described above), except that no certificate need be presented to the Trustee and no certificate will be issued upon the transfer unless requested by the Unit holder. A Unit holder may at any time request the Trustee to issue certificates for Units.

Although no such charge is now made or contemplated, a Unit holder may be required to pay $2.00 to the Trustee per certificate reissued

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

or transferred and to pay any governmental charge that may be imposed in connection with each such transfer or exchange. For new certificates issued to replace destroyed, stolen or lost certificates, the Unit holder may be required to furnish indemnity satisfactory to the Trustee and pay such expenses as the Trustee may incur. Mutilated certificates must be surrendered to the Trustee for replacement.

How are Income and Capital Distributed?

The Trustee will distribute any net income received with respect to any of the securities in the Trust on or about the Income Distribution Dates to Unit holders of record on the preceding Income Record Date. See "Summary of Essential Information." Because dividends are not received by the Trust at a constant rate throughout the year, such distributions to Unit holders may be more or less than the amount credited to the Income Account as of the Record Date. Notification to the Trustee of the transfer of Units is the responsibility of the purchaser, but in the normal course of business such notice is provided by the selling broker-dealer. The pro rata share of cash in the Capital Account of the Trust will be computed as of the fifteenth day of each month. Proceeds received on the sale of any Equity Securities in the Trust, to the extent not used to meet redemptions of Units or pay expenses, will, however, be distributed on the last day of each month to Unit holders of record on the fifteenth day of such month if the amount available for distribution equals at least $0.01 per Unit. The Trustee is not required to pay interest on funds held in the Capital Account of a Trust (but may itself earn interest thereon and therefore benefit from the use of such funds). Notwithstanding, distributions of funds in the Capital Account, if any, will be made on the last day of each December to Unit holders of record as of December 15. See "What is the Federal Tax Status of Unit Holders?"

Under regulations issued by the Internal Revenue Service, the Trustee is required to withhold a specified percentage of any distribution made by the Trust if the Trustee has not been furnished the Unit holder's

tax identification number in the manner required by such regulations. Any amount so withheld is transmitted to the Internal Revenue Service and may be recovered by the Unit holder only when filing a tax return. Under normal circumstances the Trustee obtains the Unit holder's tax identification number from the selling broker. However, a Unit holder should examine his or her statements from the Trustee to make sure that the Trustee has been provided a certified tax identification number in order to avoid this possible "back-up withholding." In the event the Trustee has not been previously provided such number, one should be provided as soon as possible.

Within a reasonable time after the Trust is terminated, each Unit holder will, upon surrender of his Units for redemption, receive: (i) the pro rata share of the amounts realized upon the disposition of Equity Securities, unless he elects an In-Kind Distribution as described below and (ii) a pro rata share of any other assets of the Trust, less expenses of the Trust. Not less than 60 days prior to the Mandatory Termination Date of the Trust, the Trustee will provide written notice thereof to all Unit holders and will include with such notice a form to enable Unit holders to elect a distribution of shares of Equity Securities (an "In-Kind Distribution"), if such Unit holder owns at least 2,300 Units of the Trust, rather than to receive payment in cash for such Unit holder's pro rata share of the amounts realized upon the disposition by the Trustee of Equity Securities. An In-Kind Distribution will be reduced by customary transfer and registration charges. To be effective, the election form, together with surrendered certificates and other documentation required by the Trustee, must be returned to the Trustee at least five business days prior to the Mandatory Termination Date of the Trust. A Unit holder may, of course, at any time after the Equity Securities are distributed, sell all or a portion of the shares.

The Trustee will credit to the Income Account of the Trust any dividends received on the Equity Securities therein. All other receipts (e.g. return of principal, capital gains, etc.) are credited to the Capital Account of the Trust.

The Trustee may establish reserves (the "Reserve Account") within the Trust for state and local taxes, if any, and any governmental

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

charges payable out of the Trust.

What Reports will Unit Holders Receive?

The Trustee shall furnish Unit holders in connection with each distribution a statement of the amount of income, if any, and the amount of other receipts, if any, which are being distributed, expressed in each case as a dollar amount per Unit. Within a reasonable period of time after the end of each calendar year, the Trustee shall furnish to each person who at any time during the calendar year was a Unit holder of the Trust the following information in reasonable detail: (1) a summary of transactions in the Trust for such year; (2) any Equity Securities sold during the year and the Equity Securities held at the end of such year by the Trust; (3) the redemption price per Unit based upon a computation thereof on the 31st day of December of such year (or the last business day prior thereto); and (4) amounts of income and capital distributed during such year.

In order to comply with Federal and state tax reporting requirements, Unit holders will be furnished, upon request to the Trustee, evaluations of the Securities in the Trust furnished to it by the Evaluator.

How May Units be Redeemed?

A Unit holder may redeem all or a portion of his Units by tender to the Trustee at its corporate trust office in the City of New York of the certificates representing the Units to be redeemed, or in the case of uncertificated Units, delivery of a request for redemption, duly endorsed or accompanied by proper instruments of transfer with signature guaranteed as explained above (or by providing satisfactory indemnity, as in connection with lost, stolen or destroyed certificates), and payment of applicable governmental charges, if any. No redemption fee will be charged. On the seventh calendar day following such tender, or if the seventh calendar day is not a business day, on the first business day prior thereto, the Unit holder will be entitled to receive in cash an amount for each Unit equal to the Redemption Price per Unit next computed after receipt by the Trustee of such tender of Units. The "date of tender" is deemed to be the date on which Units are received by the Trustee, except that as regards Units received after 4:00 p.m. Eastern time, the date of tender is the next day on which the New York Stock Exchange is open for trading and

such Units will be deemed to have been tendered to the Trustee on such day for redemption at the redemption price computed on that day. Units so redeemed shall be cancelled.

Any Unit holder tendering 2,300 Units or more for redemption may request by written notice submitted at the time of tender from the Trustee in lieu of a cash redemption a distribution of shares of Equity Securities in an amount and value of Equity Securities per Unit equal to the Redemption Price Per Unit as determined as of the evaluation next following tender. To the extent possible, In-Kind distributions ("In-Kind Distributions") shall be made by the Trustee through the distribution of each of the Equity Securities in book-entry form to the account of the Unit holder's bank or broker-dealer at the Depository Trust Company. An In-Kind Distribution will be reduced by customary transfer and registration charges. The tendering Unit holder will receive his pro rata number of whole shares of each of the Equity Securities comprising the portfolio and cash from the Capital Account equal to the fractional shares to which the tendering Unit holder is entitled. The Trustee may adjust the number of shares of any issue of Equity Securities included in a Unit holder's In-Kind Distribution to facilitate the distribution of whole shares, such adjustment to be made on the basis of the value of Equity Securities on the date of tender. If funds in the Capital Account are insufficient to cover the required cash distribution to the tendering Unit holder, the Trustee may sell Equity Securities in the manner described above.

Under regulations issued by the Internal Revenue Service, the Trustee is required to withhold a specified percentage of the principal amount of a Unit redemption if the Trustee has not been furnished the redeeming Unit holder's tax identification number in the manner required by such regulations. Any amount so withheld is transmitted to the Internal Revenue Service and may be recovered by the Unit holder only when filing a tax return. Under normal circumstances the Trustee obtains the Unit holder's tax identification

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

number from the selling broker. However, any time a Unit holder elects to tender Units for redemption, such Unit holder should make sure that the Trustee has been provided a certified tax identification number in order to avoid this possible "back-up withholding." In the event the Trustee has not been previously provided such number, one must be provided at the time redemption is requested.

Any amounts paid on redemption representing income shall be withdrawn from the Income Account of the Trust to the extent that funds are available for such purpose. All other amounts paid on redemption shall be withdrawn from the Capital Account of the Trust.

The Trustee is empowered to sell Equity Securities of the Trust in order to make funds available for redemption. To the extent that Equity Securities are sold, the size and diversity of the Trust will be reduced. Such sales may be required at a time when Equity Securities would not otherwise be sold and might result in lower prices than might otherwise be realized.

The Redemption Price per Unit and the Public Offering Price per Unit (which includes the sales charge) during the initial offering period (as well as the secondary market Public Offering Price) will be determined on the basis of the aggregate underlying value of the Equity Securities in the Trust plus or minus cash, if any, in the Income and Capital Accounts of the Trust. The Redemption Price per Unit is the pro rata share of each Unit determined by the Trustee by adding: (1) the cash on hand in the Trust other than cash deposited in the Trust to purchase Equity Securities not applied to the purchase of such Equity Securities;(2) the aggregate value of the Equity Securities held in the Trust, as determined by the Evaluator on the basis of the aggregate underlying value of the Equity Securities in the Trust next computed; and (3) dividends receivable on the Equity Securities trading ex-dividend as of the date of computation; and deducting therefrom: (1) amounts representing any applicable taxes or governmental charges payable out of the Trust; (2) any amounts owing to the Trustee for its advances; (3) an amount representing estimated accrued expenses of the Trust, including but not limited to fees and expenses of the Trustee (including legal and auditing fees), the Evaluator and supervisory fees, if any; (4) cash held for distribution to Unit holders of record of the Trust as of the business day prior to the evaluation being made; and (5) other liabilities incurred by the Trust; and finally dividing the results of such computation by the number of Units of the Trust outstanding as of the date thereof.

The aggregate value of the Equity Securities will be determined in the following manner: if the Equity Securities are listed on a national securities exchange or the NASDAQ National Market System, this evaluation is generally based on the closing sale prices on that exchange or that system (unless it is determined

that these prices are inappropriate as a basis for valuation) or, if there is no closing sale price on that exchange or system, at the closing bid prices. If the Equity Securities are not so listed or, if so listed and the principal market therefore is other than on the exchange, the evaluation shall generally be based on the current bid prices on the over-the-counter market (unless these prices are inappropriate as a basis for evaluation). If current bid prices are unavailable, the evaluation is generally determined (a) on the basis of current bid prices for comparable securities, (b) by appraising the value of the Equity Securities on the bid side of the market or (c) by any combination of the above.

The right of redemption may be suspended and payment postponed for any period during which the New York Stock Exchange is closed, other than for customary weekend and holiday closings, or during which the Securities and Exchange Commission determines that trading on the New York Stock Exchange is restricted or any emergency exists, as a result of which disposal or evaluation of the Securities is not reasonably practicable, or for such other periods as the Securities and Exchange Commission may by order permit. Under certain extreme circumstances, the Sponsor may apply to the Securities and Exchange Commission for an order permitting a full or partial suspension of the right of Unit holders to redeem their Units. The Trustee is not liable to any person in any way for any loss or damage which may result from any such suspension or postponement.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

How May Units be Purchased by the Sponsor?

The Trustee shall notify the Sponsor of any tender of Units for redemption. If the Sponsor's bid in the secondary market at that time equals or exceeds the Redemption Price per Unit, it may purchase such Units by notifying the Trustee before 1:00 p.m. Eastern time on the same business day and by making payment therefor to the Unit holder not later than the day on which the Units would otherwise have been redeemed by the Trustee. Units held by the Sponsor may be tendered to the Trustee for redemption as any other Units. In the event the Sponsor does not purchase Units, the Trustee may sell Units tendered for redemption in the over-the-counter market, if any, as long as the amount to be received by the Unit holder is equal to the amount he would have received on redemption of the Units.

The offering price of any Units acquired by the Sponsor will be in accord with the Public Offering Price described in the then effective prospectus describing such Units. Any profit or loss resulting from the resale or redemption of such Units will belong to the Sponsor.

How May Equity Securities be Removed from the Trust?

The Portfolio of the Trust is not "managed" by the Sponsor or the Trustee; their activities described herein are governed solely by the provisions of the Indenture. The Indenture provides that the Sponsor may (but need not) direct the Trustee to dispose of an Equity Security in the event that an issuer defaults in the payment of a dividend that has been declared, that any action or proceeding has been instituted restraining the payment of dividends or there exists any legal question or impediment affecting such Equity Security, that the issuer of the Equity Security has breached a covenant which would affect the payments of dividends, the credit standing of the issuer or otherwise impair the sound investment character of the Equity Security, that the issuer has defaulted on the payment on any other of its outstanding obligations, that the price of the Equity Security has declined to such an extent or other such credit factors exist so that in the opinion of the Sponsor, the retention of such Equity Securities would be detrimental to the Trust. Except as stated under "Portfolio - What are Some Additional Considerations for Investors?" for Failed Obligations, the acquisition by the Trust of any securities or other property other than the Equity Securities is prohibited. Pursuant to the Indenture and with limited exceptions, the Trustee may sell any securities or other property acquired in exchange for Equity Securities such as those acquired in connection with a merger or other transaction. If offered such new or exchanged securities or property, the Trustee shall reject the offer. However, in the event such securities or property are nonetheless acquired by the Trust, they may be accepted for deposit in the Trust and either sold by the Trustee or held in the Trust pursuant to the direction of the Sponsor (who may rely on the advice of the Portfolio Supervisor). Proceeds from the sale of Equity Securities (or any securities or other property received by the Trust in exchange for Equity Securities) by the Trustee are credited to the Capital Account of the Trust for distribution to Unit holders or to meet redemptions.

The Trustee may also sell Equity Securities designated by the Sponsor, or if not so directed, in its own discretion, for the purpose of redeeming Units of the Trust tendered for redemption and the payment of expenses.

The Sponsor, in designating Equity Securities to be sold by the Trustee, will generally make selections in order to maintain, to the extent practicable, the proportionate relationship among the number of shares of individual issues of Equity Securities. To the extent this is not practicable, the composition and diversity of the Equity Securities may be altered. In order to obtain the best price for the Trust, it may be necessary for the Sponsor to specify minimum amounts (generally 100 shares) in which blocks of Equity Securities are to be sold.

INFORMATION AS TO SPONSOR, TRUSTEE AND EVALUATOR

Who is the Sponsor?

Nike Securities L.P., the Sponsor, specializes in the underwriting, trading and distribution of unit investment trusts and other securities.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Nike Securities L.P., an Illinois limited partnership formed in 1991, acts as Sponsor for successive series of The First Trust Combined Series, The First Trust Special Situations Trust, The First Trust Insured Corporate Trust, The First Trust of Insured Municipal Bonds, The First Trust GNMA, Templeton Growth and Treasury Trust and Templeton Foreign Fund & U.S. Treasury Securities Trust. First Trust introduced the first insured unit investment trust in 1974 and to date more than $7.5 billion in First Trust unit investment trusts have been deposited. The Sponsor's employees include a team of professionals with many years of experience in the unit investment trust industry. The Sponsor is a member of the National Association of Securities Dealers, Inc. and Securities Investor Protection Corporation and has its principal offices at 1001 Warrenville Road, Lisle, Illinois 60532; telephone number (708) 241-4141. As of August 31, 1993, the total partners' capital of Nike Securities L.P. was $14,270,063 (unaudited). (This paragraph relates only to the Sponsor and not to the Trust or to any series thereof or to any other Underwriter. The information is included herein only for the purpose of informing investors as to the financial responsibility of the Sponsor and its ability to carry out its contractual obligations. More detailed financial information will be made available by the Sponsor upon request.)

Who is the Trustee?

The Trustee is United States Trust Company of New York with its principal place of business at 45 Wall Street, New York, New York 10005 and its unit investment trust offices at 770 Broadway, New York, New York 10003. Unit holders who have questions regarding the Trust may call the Customer Service Help Line at 1-800-682-7520. The Trustee is a member of the New York Clearing House Association and is subject to supervision and examination by the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System.

The Trustee, whose duties are ministerial in nature, has not participated in the selection of the Equity Securities. For information relating to the responsibilities of the Trustee under the Indenture, reference is made to the material set forth under "Rights of Unit Holders."

The Trustee and any successor trustee may resign by executing an instrument in writing and filing the same with the Sponsor and mailing a copy of a notice of resignation to all Unit holders. Upon receipt of such notice, the Sponsor is obligated to appoint a successor trustee promptly. If the Trustee becomes incapable of acting or becomes bankrupt or its affairs are taken over by public authorities, the Sponsor may remove the Trustee and appoint a successor as provided in the Indenture. If upon resignation of a trustee no successor has accepted the appointment within 30 days after notification, the retiring trustee may apply to a court of competent jurisdiction for the appointment of a successor. The resignation or removal of a trustee becomes effective only when the successor trustee accepts its appointment as such or when a court of competent jurisdiction appoints a successor trustee.

Any corporation into which a Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which a Trustee shall be a party, shall be the successor Trustee. The Trustee must be a banking corporation organized under the laws of the United States

or any State and having at all times an aggregate capital, surplus and undivided profits of not less than $5,000,000.

Limitations on Liabilities of Sponsor and Trustee

The Sponsor and the Trustee shall be under no liability to Unit holders for taking any action or for refraining from taking any action in good faith pursuant to the Indenture, or for errors in judgment, but shall be liable only for their own willful misfeasance, bad faith, gross negligence (ordinary negligence in the case of the Trustee) or reckless disregard of their obligations and duties. The Trustee shall not be liable for depreciation or loss incurred by reason of the sale by the Trustee of any of the Equity Securities. In the event of the failure of the Sponsor to act under the Indenture, the Trustee may act thereunder and shall not be liable for any action taken by it in good faith under the Indenture.

The Trustee shall not be liable for any taxes or other governmental

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

charges imposed upon or in respect of the Securities or upon the interest thereon or upon it as Trustee under the Indenture or upon or in respect of the Trust which the Trustee may be required to pay under any present or future law of the United States of America or of any other taxing authority having jurisdiction. In addition, the Indenture contains other customary provisions limiting the liability of the Trustee.

If the Sponsor shall fail to perform any of its duties under the Indenture or becomes incapable of acting or becomes bankrupt or its affairs are taken over by public authorities, then the Trustee may (a) appoint a successor Sponsor at rates of compensation deemed by the Trustee to be reasonable and not exceeding amounts prescribed by the Securities and Exchange Commission, or (b) terminate the Indenture and liquidate the Trust as provided herein, or (c) continue to act as Trustee without terminating the Indenture.

Who is the Evaluator?

The Evaluator is

. The Evaluator may resign or may be removed by the Sponsor and the Trustee, in which event the Sponsor and the Trustee are to use their best efforts to appoint a satisfactory successor. Such resignation or removal shall become effective upon the acceptance of appointment by the successor Evaluator. If upon resignation of the Evaluator no successor has accepted appointment within 30 days after notice of resignation, the Evaluator may apply to a court of competent jurisdiction for the appointment of a successor.

The Trustee, Sponsor and Unit holders may rely on any evaluation furnished by the Evaluator and shall have no responsibility for the accuracy thereof. Determinations by the Evaluator under the Indenture shall be made in good faith upon the basis of the best information available to it, provided, however, that the Evaluator shall be under no liability to the Trustee, Sponsor or Unit holders for errors in judgment. This provision shall not protect the Evaluator in any case of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties.

OTHER INFORMATION

How May the Indenture be Amended or Terminated?

The Sponsor and the Trustee have the power to amend the Indenture without the consent of any of the Unit holders when such an amendment is (1) to cure any ambiguity or to correct or supplement any provision of the Indenture which may be defective or inconsistent with any other provision contained therein, or (2) to make such other provisions as shall not adversely affect the interest of the Unit holders (as determined in good faith by the Sponsor and the Trustee).

The Indenture provides that the Trust shall terminate upon the Mandatory Termination Date indicated herein under "Summary of Essential Information." The Trust may be liquidated at any time by consent of 100% of the Unit holders of the Trust or by the Trustee when the value of the Equity Securities owned by the Trust as shown by any evaluation, is less than the lower of $2,000,000 or 20% of the total value of Equity Securities deposited in such Trust during the primary offering period, or in the event that Units of the Trust not yet sold aggregating more than 60% of the Units of the Trust are tendered for redemption by the Underwriter, including the Sponsor. If the Trust is liquidated because of the redemption of unsold Units of the Trust by the Underwriter, the Sponsor will refund to each purchaser of Units of the Trust the entire sales charge and the transaction fees paid by such purchaser. In the event of termination, written notice thereof will

be sent by the Trustee to all Unit holders of the Trust. Within a reasonable period after termination, the Trustee will follow the procedures set forth under "How are Income and Capital Distributed?"

Commencing on the Mandatory Termination Date, Equity Securities will begin to be sold in connection with the termination of the Trust. The Sponsor will determine the manner, timing and execution of the sale of the Equity Securities. Written notice of any termination of the Trust specifying the time or times at which Unit holders

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

may surrender their certificates for cancellation shall be given by the Trustee to each Unit holder at his address appearing on the registration books of the Trust maintained by the Trustee. At least 60 days prior to the Maturity Date of the Trust the Trustee will provide written notice thereof to all Unit holders and will include with such notice a form to enable Unit holders to elect a distribution of shares of Equity Securities (reduced by customary transfer and registration charges), if such Unit holder owns at least 2,300 Units of the Trust, rather than to receive payment in cash for such Unit holder's pro rata share of the amounts realized upon the disposition by the Trustee of Equity Securities. To be effective, the election form, together with surrendered certificates and other documentation required by the Trustee, must be returned to the Trustee at least five business days prior to the Mandatory Termination Date of the Trust. Unit holders not electing a distribution of shares of Equity Securities will receive a cash distribution from the sale of the remaining Equity Securities within a reasonable time after the Trust is terminated. Regardless of the distribution involved, the Trustee will deduct from the funds of the Trust any accrued costs, expenses, advances or indemnities provided by the Trust Agreement, including estimated compensation of the Trustee and costs of liquidation and any amounts required as a reserve to provide for payment of any applicable taxes or other governmental charges. Any sale of Equity Securities in the Trust upon termination may result in a lower amount than might otherwise be realized if such sale were not required at such time. The Trustee will then distribute to each Unit holder his pro rata share of the balance of the Income and Capital Accounts.

Legal Opinions

The legality of the Units offered hereby and certain matters relating to Federal tax law have been passed upon by Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603, as counsel for the Sponsor. Carter, Ledyard & Milburn, will act as counsel for the Trustee and as special New York tax counsel for the Trust.

Experts

The statement of net assets, including the schedule of investments, of the Trust at the opening of business on the Initial Date of Deposit appearing in this Prospectus and Registration Statement has been audited by Ernst & Young, independent auditors, as set forth in their report thereon appearing elsewhere herein and in the Registration Statement, and is included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

UNDERWRITING

The Underwriter named below has purchased Units in the following amount:

<TABLE>
<CAPTION>

Name	Address	Number of Units
<S>	<C>	<C>
Underwriter		
The Ohio Company	155 East Broad Street, Columbus, OH 43215	

</TABLE>

[FN]
* The Underwriter has indicated its intention to purchase additional Units from the Sponsor during the initial six month offering period and will receive Underwriting Concessions based on total Units underwritten as of the next business day after the Date of Deposit.

On the Initial Date of Deposit, the Underwriter of the Trust became the owner of the Units of the Trust and entitled to the benefits thereof, as well as the risks inherent therein.

The Underwriter Agreement provides that a public offering of the Units of the Trust will be made at the Public Offering Price described in the prospectus. Units may also be sold to or through dealers and others during

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

the initial offering period and in the secondary market at prices representing a concession or agency commission as described in "Public Offering-How are Units Distributed?"

The Underwriter has agreed to underwrite additional Units of the Trust as they become available. The Sponsor will receive from the Underwriter the difference between the gross sales concession and 4.1% of the Public Offering Price of the Units, which is retained by the Underwriter.

Underwriters, dealers and others who, in a single month, purchase from the Sponsor Units of any Series of The First Trust GNMA, The First Trust of Insured Municipal Bonds, The First Trust Combined Series, The First Trust Special Situations Trust, Templeton Growth and Treasury Trust, Templeton Foreign Fund & U.S. Treasury Securities Trust, The Advantage Growth and Treasury Securities Trust or any other unit investment trust of which Nike Securities L.P. is the Sponsor (the "UIT Units"), which sale of UIT Units are in the following aggregate dollar amounts, will receive additional concessions from the Sponsor as indicated in the following table:

<TABLE>
<CAPTION>

Aggregate Dollar Amount of Units Sold	Additional Concession (per $1,000 sold)
<S>	<C>
$ 1,000,000 - $2,499,999	$ .50
$ 2,500,000 - $4,999,999	$1.00
$ 5,000,000 - $7,499,999	$1.50
$ 7,500,000 - $9,999,999	$2.00
$10,000,000 - or more	$2.50

</TABLE>

From time to time the Sponsor may implement programs under which Underwriters and dealers of the Trust may receive nominal awards from the Sponsor for each of their registered representatives who have sold a minimum number of UIT Units during a specified time period. In addition, at various times the Sponsor may implement other programs under which the sales force of an Underwriter or dealer may be eligible to win other nominal awards for certain sales efforts, or under which the Sponsor will reallow to any such Underwriter or dealer that sponsors sales contests or recognition programs conforming to criteria established by the Sponsor, or participates in sales programs sponsored by the Sponsor, an amount not exceeding the total applicable sales charges on the sales generated by such person at the public offering price during such programs. Also, the Sponsor in its discretion may from time to time pursuant to objective criteria established by the Sponsor pay fees to qualifying Underwriters or dealers for certain services or activities which are primarily intended to result in sales of Units of the Trust. Such payments are made by the Sponsor out of its own assets, and not out of the assets of the Trust. These programs will not change the price Unit holders pay for their Units or the amount that the Trust will receive from the Units sold.

The Sponsor may from time to time in its advertising and sales materials compare the then current estimated returns on the Trust and returns over specified periods on other similar Trusts sponsored by Nike Securities L.P. with returns on other taxable investments such as corporate or U.S. Government bonds, bank CDs and money market accounts or money market funds, each of which has investment characteristics that may differ from those of the Trust. U.S. Government bonds, for example, are backed by the full faith and credit of the U.S. Government and bank CDs and money market accounts are insured by an agency of the federal government. Money market accounts and money market funds provide stability of principal, but pay interest at rates that vary with the condition of the short-term debt market. The investment characteristics of the Trust are described more fully elsewhere in this Prospectus.

REPORT OF INDEPENDENT AUDITORS

The Sponsor, Nike Securities L.P., and Unit Holders
The First Trust Special Situations Trust, Series 88

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

We have audited the accompanying statement of net assets, including the schedule of investments, of International Blue Chip Trust, Series 1, comprising The First Trust Special Situations Trust, Series 88 as of the opening of business on , 1994. This statement of net assets is the responsibility of the Trust's Sponsor. Our responsibility is to express an opinion on this statement of net assets based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of net assets is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of net assets. Our procedures included confirmation of the letter of credit held by the Trustee and deposited in the Trust on , 1994. An audit also includes assessing the accounting principles used and significant estimates made by the Sponsor, as well as evaluating the overall presentation of the statement of net assets. We believe that our audit of the statement of net assets provides a reasonable basis for our opinion.

In our opinion, the statement of net assets referred to above presents fairly, in all material respects, the financial position of International Blue Chip Trust, Series 1, comprising The First Trust Special Situations Trust, Series 88 at the opening of business on , 1994 in conformity with generally accepted accounting principles.

ERNST & YOUNG

Chicago, Illinois
, 1994

Statement of Net Assets
International Blue Chip Trust, Series 1
The First Trust Special Situations Trust, Series 88
At the Opening of Business on the Initial Date of Deposit
, 1994

<TABLE>
<CAPTION>

NET ASSETS

<S>	<C>
Investment in Equity Securities represented by purchase contracts (1) (2)	$
	==========
Units outstanding	
	==========

</TABLE>

<TABLE>
<CAPTION>

ANALYSIS OF NET ASSETS

<S>	<C>
Cost to investors (3)	$
Less sales charge (3)	
	_____
Net Assets	$
	==========

</TABLE>

[FN]
NOTES TO STATEMENT OF NET ASSETS

(1) Aggregate cost of the Equity Securities listed under "Schedule

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

of Investments" is based on their aggregate underlying value.

(2) An irrevocable letter of credit totaling $ issued by Bankers Trust Company has been deposited with the Trustee covering the monies necessary for the purchase of the Equity Securities pursuant to contracts for the purchase of such Equity Securities.

(3) The aggregate cost to investors includes a sales charge computed at the rate of 5.5% of the Public Offering Price (equivalent to 5.82% of the net amount invested), assuming no reduction of sales charge for quantity purchases.

Schedule of Investments
International Blue Chip Trust, Series 1
The First Trust Special Situations Trust, Series 88
At the Opening of Business on the Initial Date of Deposit
, 1994

<TABLE>
<CAPTION>

Number of Shares	Ticker Symbol and Name of Issuer of Equity Securities (1)	Percentage of Aggregate Offering Price (3)	Market Value per Share	Cost of Equity Securities to Trust (2)
<C>	<S>	<C>	<C>	<C>
AKZOY	Akzo N.V.	1-5%	$	$
ASEAY	Asea AB	1-5%		
STD	Banco Santander	1-5%		
BASFY	BASF A.G.	1-5%		
BNG	Benetton Group SPA	1-5%		
BAB	British Airways PLC	1-5%		
BST	British Steel PLC	1-5%		
BHP	Broken Hill Proprietary Company, Ltd.	1-5%		
BURMY	Burmah Castrol PLC	1-5%		
CBGXY	Ciba-Geigy	1-5%		
CM	Coles Myer Limited	1-5%		
DRSDY	Dresdner Bank	1-5%		
HAN	Hanson PLC	1-5%		
HBC	Hudson's Bay Company*	1-5%		
JARLY	Jardine Matheson Holdings, Ltd.	1-5%		
MNRCY	Minorco, S.A.	1-5%		
NW	National Westminster Bank	1-5%		
NIPNY	NEC Corporation	1-5%		
NESAY	Nestle S.A.	1-5%		
NHY	Norsk-Hydro A.S.	1-5%		
PTRFY	Petrofina S.A.	1-5%		
REP	Repsol S.A.	1-5%		
RD	Royal Dutch Petroleum Company**	1-5%		
SMAWY	Siemens A.G.	1-5%		
SBH	SmithKline Beecham PLC	1-5%		
ELF	Societe Nationale Elf Aquitaine	1-5%		
SNE	Sony Corporation	1-5%		
TOT	Total Compagnie Francaise des Petroles	1-5%		
TOYOY	Toyota Motor Corporation	1-5%		
UN	Unilever N.V.	1-5%		
VTO	Vitro S.A.	1-5%		
	Total Investments	100%		$

<FN>
(1) All Equity Securities are represented by regular way contracts to purchase such Equity Securities for the performance of which an irrevocable letter of credit has been deposited with the Trustee. The contracts to purchase Equity Securities were entered into by the Sponsor on , 1994. All of the Equity Securities are in American Depositary Receipt ("ADR") form except for those denoted with an * or **.

(2) The cost of the Equity Securities to the Trust represents the aggregate underlying value with respect to the Equity Securities acquired (generally determined by the closing sale prices of the listed Equity Securities and the ask prices of the over-the-counter traded Equity Securities). The valuation of the Equity Securities has been determined by the Evaluator,

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

certain shareholders of which are officers of the Sponsor. The aggregate underlying value of the Equity Securities on the Initial Date of Deposit was $. Cost and loss to Sponsor relating to the Equity Securities sold to the Trust were $ and $, respectively.

(3) The portfolio may contain additional Equity Securities each of which will not exceed approximately 5% of the Aggregate Offering Price. Also, the percentages of the Aggregate Offering Price for the Equity Securities are approximate amounts and may vary in the final portfolio.

* Indicates the common stock of a Canadian company that trades directly on a Canadian national securities exchange.

** Indicates the common stock of a company headquartered in The Netherlands that trades directly on a United States national securities exchange.

This page is intentionally left blank.

</TABLE>
<TABLE>
<CAPTION>
CONTENTS:

<S>	<C>
Summary of Essential Information	3
International Blue Chip Trust, Series 1	
The First Trust Special Situations Trust, Series 88:	
What is The First Trust Special Situations Trust?	4
What are the Expenses and Charges?	5
What is the Federal Tax Status of Unit Holders?	6
Why are Investments in the Trust Suitable for Retirement Plans?	8
Portfolio:	
What are Equity Securities?	10
What are the Equity Securities Selected for International Blue Chip Trust, Series 1?	13
What are Some Additional Considerations for Investors?	15
Public Offering:	
How is the Public Offering Price Determined?	16
How are Units Distributed?	17
What are the Sponsor's Profits?	18
Will There be a Secondary Market?	18
Rights of Unit Holders:	
How is Evidence of Ownership Issued and Transferred?	19
How are Income and Capital Distributed?	19
What Reports will Unit Holders Receive?	20
How May Units be Redeemed?	20
How May Units be Purchased by the Sponsor?	22
How May Equity Securities be Removed from the Trust?	22
Information as to Sponsor, Trustee and Evaluator:	
Who is the Sponsor?	23
Who is the Trustee?	23
Limitations on Liabilities of Sponsor and Trustee	24
Who is the Evaluator?	24
Other Information:	
How May the Indenture be Amended or Terminated?	24
Legal Opinions	25
Experts	25
Underwriting	25
Report of Independent Auditors	27
Statement of Net Assets	28
Schedule of Investments	29

</TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS NOT LAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION.

THIS PROSPECTUS DOES NOT CONTAIN ALL THE INFORMATION SET FORTH IN THE REGISTRATION STATEMENTS AND EXHIBITS RELATING THERETO, WHICH THE TRUST HAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, WASHINGTON, D.C. UNDER THE SECURITIES ACT OF 1933 AND THE INVESTMENT COMPANY ACT OF 1940, AND TO WHICH REFERENCE IS HEREBY MADE.

Drop in Ohio Company Logo
International Blue Chip Trust Series 1

The Ohio Company
155 East Broad Street
Columbus, OH 43215
1-800-255-1825

Trustee:
United States Trust
Company of New York
770 Broadway
New York, New York 10003
1-800-682-7520

PLEASE RETAIN THIS PROSPECTUS FOR FUTURE REFERENCE

, 1994

MEMORANDUM

Re: The First Trust Special Situations Trust, Series 88

As indicated in our cover letter transmitting the Registration Statement on Form S-6 and other related material under the Securities Act of 1933 to the Commission, the only difference of consequence (except as described below) between The First Trust Special Situations Trust, Series 85, which is the current fund, and The First Trust Special Situations Trust, Series 88, the filing of which this memorandum accompanies, is the change in the series number. The list of bonds comprising the Fund, the evaluation, record and distribution dates and other changes pertaining specifically to the new series, such as size and number of Units in the Fund and the statement of condition of the new Fund, will be filed by amendment.

1940 ACT

FORMS N-8A AND N-8B-2

These forms were not filed, as the Form N-8A and Form N-8B-2 filed in respect of Templeton Growth and Treasury Trust, Series 1 and subsequent series (File No. 811-05903) related also to the subsequent series of the Fund.

1933 ACT

PROSPECTUS

The only significant changes in the Prospectus from the Series 85 Prospectus relate to the series number and size and the date and various items of information which will be derived from and apply specifically to the bonds deposited in the Fund.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

CONTENTS OF REGISTRATION STATEMENT

ITEM A Bonding Arrangements of Depositor:

Nike Securities L.P. is covered by a Broker's Fidelity Bond, in the total amount of $1,000,000, the insurer being National Union Fire Insurance Company of Pittsburgh.

ITEM B This Registration Statement on Form S-6 comprises the following papers and documents:

The facing sheet

The Cross-Reference Sheet

The Prospectus

The signatures

Exhibits

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant, The First Trust Special Situations Trust, Series 88 has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Village of Lisle and State of Illinois on January 3, 1994.

THE FIRST TRUST SPECIAL SITUATIONS TRUST, SERIES 88
(Registrant)

By: NIKE SECURITIES L.P.
(Depositor)

By Carlos E. Nardo
Vice President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following person in the capacity and on the date indicated:

NAME	TITLE*	DATE
Robert D. Van Kampen	Sole Director of Nike Securities Corporation, the General Partner of Nike Securities L.P.	January 3, 1994 Carlos E. Nardo Attorney-in-Fact**

* The title of the person named herein represents his capacity in and relationship to Nike Securities L.P., the Depositor.

** An executed copy of the related power of attorney was filed with the Securities and Exchange Commission in connection with Amendment No. 1 to form S-6 of The First Trust Special Situations Trust, Series 18 (File No. 33-42683) and the same is hereby incorporated by this reference.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

CONSENTS OF COUNSEL

The consents of counsel to the use of their names in the Prospectus included in this Registration Statement will be contained in their respective opinions to be filed as Exhibits 3.1, 3.2, 3.3 and 3.4 of the Registration Statement.

CONSENT OF ERNST & YOUNG

The consent of Ernst & Young to the use of its name and to the reference to such firm in the Prospectus included in this Registration Statement will be filed by amendment.

CONSENT OF SECURITIES EVALUATION SERVICE, INC.

The consent of Securities Evaluation Service, Inc. to the use of its name in the Prospectus included in the Registration Statement is filed as Exhibit 4.1 to the Registration Statement

EXHIBIT INDEX

1.1 Form of Standard Terms and Conditions of Trust for The First Trust Special Situations Trust, Series 22 and certain subsequent Series, effective November 20, 1991 among Nike Securities L.P., as Depositor, United States Trust Company of New York as Trustee, Securities Evaluation Service, Inc., as Evaluator, and Nike Financial Advisory Services L.P. as Portfolio Supervisor (incorporated by reference to Amendment No. 1 to Form S-6 [File No. 33-43693] filed on behalf of The First Trust Special Situations Trust, Series 22).

1.1.1* Form of Trust Agreement for Series 88 among Nike Securities L.P., as Depositor, United States Trust Company of New York, as Trustee, Securities Evaluation Service, Inc., as Evaluator, and First Trust Advisors L.P., as Portfolio Supervisor.

1.2 Copy of Certificate of Limited Partnership of Nike Securities L.P. (incorporated by reference to Amendment No. 1 to Form S-6 [File No. 33-42683] filed on behalf of The First Trust Special Situations Trust, Series 18).

1.3 Copy of Amended and Restated Limited Partnership Agreement of Nike Securities L.P. (incorporated by reference to Amendment No. 1 to Form S-6 [File No. 33-42683] filed on behalf of The First Trust Special Situations Trust, Series 18).

1.4 Copy of Articles of Incorporation of Nike Securities Corporation, the general partner of Nike Securities L.P., Depositor (incorporated by reference to Amendment No. 1 to Form S-6 [File No. 33-42683] filed on behalf of The First Trust Special Situations Trust, Series 18).

1.5 Copy of By-Laws of Nike Securities Corporaiton, the general partner of Nike Securities L.P., Depositor (incorporated by reference to Amendment No. 1 to Form S-6 [File No. 33-42683] filed on behalf of The First Trust Special Situations Trust, Series 18).

2.1 Copy of Certificate of Ownership (included in Exhibit 1.1 filed herewith on page 2 and incorporated herein by reference).

3.1* Opinion of counsel as to legality of Securities being registered.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

3.2* Opinion of counsel as to Federal income tax status of Securities being registered.

3.3* Opinion of counsel as to New York income tax status of Securities being registered.

3.4* Opinion of counsel as to advancement of funds by Trustee.

4.1* Consent of Securities Evaluation Service, Inc.

6.1 List of Directors and Officers of Depositor and other related information (incorporated by reference to Amendment No. 1 to Form S-6 [File No. 33-42683] filed on behalf of The First Trust Special Situations Trust, Series 18).

7.1 Power of Attorney executed by the Director listed on page S-3 of this Registration Statement (incorporated by reference to Amendment No. 1 to Form S-6 [File No. 33-42683] filed on behalf of The First Trust Special Situations Trust, Series 18).

---

* To be filed by amendment.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document