

SECURITIES AND EXCHANGE COMMISSION

**FORM S-6EL24**

Registration statements of unit investment trusts

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**FILER**

**FIRST TRUST COMBINED SERIES 209**

CIK: **912630** | State of Incorporation: **IL** | Fiscal Year End: **1231**  
Type: **S-6EL24** | Act: **33** | File No.: **033-51811** | Film No.: **94500441**

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

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 COMBINED  
SERIES 209
- B. Name of Depositor: NIKE SECURITIES L.P.
- C. Complete Address of Depositor's Principal Offices: 1001 Warrenville Road  
Lisle, Illinois 60532
- D. Name and Complete Address of Agents for Service: NIKE SECURITIES L.P.  
Attention: James A. Bowen  
1001 Warrenville Road  
Lisle, Illinois 60532
- CHAPMAN AND CUTLER  
Attention: Eric F. Fess  
111 West Monroe Street  
Chicago, Illinois 60603
- 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 COMBINED

SERIES 209

Cross Reference Sheet

Pursuant to Rule 404(c) of Regulation C Under the Securities Act  
of 1933

(Form N-8B-2 Items Required by Instruction 1 as to Prospectus on  
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  
(b) Title of securities issued                      Prospectus Front Cover  
Page

2.	Name and address of Depositor	Summary of Essential Information; Information as to Sponsor, Trustee and Evaluator
3.	Name and address of Trustee	Summary of Essential Information; Information as to Sponsor, Trustee and Evaluator
4.	Name and address of principal underwriter	Information as to Sponsor, Trustee and Evaluator
5.	Organization of Trust	The First Trust Combined Series
6.	Execution and termination of Trust Agreement	The First Trust Combined Series Other Information
7.	Changes of name	*
8.	Fiscal year	*
9.	Litigation	*
II. GENERAL DESCRIPTION OF THE TRUST AND SECURITIES OF THE TRUST		
10.	General information regarding Trust's securities	The First Trust Combined Series Public Offering; Rights of Unit Holders; Information as to Sponsor, Trustee and Evaluator; Other Information
11.	Type of securities comprising units	Prospectus Front Cover Page; The First Trust Combined Series Portfolio
12.	Certain information regarding periodic payment certificates	*
13.	(a) Load, fees, expenses, etc.	Prospectus Front Cover Page; Summary of Essential Information; The First Trust Combined Series; Rights of Unit Holders
	(b) Certain information regarding periodic payment certificates	*
	(c) Certain percentages	Prospectus Front Cover Page; Summary of Essential Information; The First Trust Combined Series; Public Offering
	(d) Certain other fees, etc. payable by holders	Rights of Unit Holders
	(e) Certain profits receivable by depositor, principal underwriter, trustee or affiliated persons	Public Offering Portfolio
	(f) Ratio of annual charges to 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 Combined Series;

		Information as to Sponsor, Trustee and Evaluator
17.	Withdrawal or redemption	Public Offering; Rights of Unit Holders
18.	(a) Receipt and disposition of income	Prospectus Front Cover Page; Rights of Unit Holders
	(b) Reinvestment of distributions	Rights of Unit Holders
	(c) Reserves or special funds	The First Trust Combined Series; Rights of Unit Holders
	(d) Schedule of distributions	*
19.	Records, accounts and reports	Rights of Unit Holders
20.	Certain miscellaneous provisions of Trust Agreement	Information as to Sponsor, Trustee and Evaluator; Other Information
21.	Loans to security holders	*
22.	Limitations on liability	The First Trust Combined Series; 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 Depositor	*
30.	Person controlling Depositor	*
31.	Payments by Depositor for certain services rendered to Trust	*
32.	Payments by Depositor for certain services rendered to Trust	*
33.	Remuneration of employees of Depositor for certain services rendered to Trust	*
34.	Remuneration of other persons for certain services rendered to Trust	*

### IV DISTRIBUTION AND REDEMPTION OF SECURITIES

35.	Distribution of Trust's securi-	Public Offering
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	ties by states	
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
	(c) Selling agreements	Public Offering
39.	(a) Organization of principal underwriter	Information as to Sponsor, Trustee and Evaluator
	(b) NASD membership of principal underwriter	Information as to Sponsor, Trustee and Evaluator
40.	Certain fees received by principal underwriter	*
41.	(a) Business of principal underwriter	Information as to Sponsor, Trustee and Evaluator
	(b) Branch offices of principal underwriter	*
	(c) Salesmen of principal underwriter	*
42.	Ownership of Trust's securities by certain persons	*
43.	Certain brokerage commissions received by principal underwriter	*
44.	(a) Method of valuation Summary of Essential Information	Prospectus Front Cover Page; The First Trust Combined Series; Public Offering
	(b) Schedule as to offering price	*
	(c) Variation in offering price to certain persons	Public Offering
45.	Suspension of redemption rights	*
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 Combined Series
50.	Trustee's lien	The First Trust Combined Series

VI. INFORMATION CONCERNING INSURANCE OF HOLDERS OF SECURITIES

51.	Insurance of holders of Trust's securities	*
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VII. Policy of Registrant

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

VIII. FINANCIAL AND STATISTICAL INFORMATION

54.		Trust's securities during last ten years	*
55.			
56.		Certain information regarding	*
57.		Periodic payment certificates	
58.			
59.			Auditors; Statement of Net Assets of the Fund

\* Inapplicable, omitted, answer negative or not required.

Preliminary Prospectus Dated January 5, 1994

THE FIRST TRUST COMBINED SERIES 209

10,000 Units (A Unit Investment Trust)

The attached final Prospectus for a prior Series of the Fund is hereby used as a preliminary Prospectus for the above stated Series. The narrative information and structure of the attached final Prospectus will be substantially the same as that of the final Prospectus for this Series. Information with respect to pricing, the number of Units, dates and summary information regarding the characteristics of securities to be deposited in this Series is not now available and will be different since each Series has a unique Portfolio. Accordingly the information contained herein with regard to the previous Series should be considered as being included for informational purposes only. Ratings of the securities in this Series are expected to be comparable to those of the securities deposited in the previous Series. However, the Estimated Current Return for this Series will depend on the interest rates and offering prices of the securities in this Series and may vary materially from that of the previous Series.

A registration statement relating to the units of this Series will be filed with the Securities and Exchange Commission but has not yet become effective. Information contained herein is subject to completion or amendment. Such Units may not be sold nor may offer to buy be accepted prior to the time the registration statement becomes effective. This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Units in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

The First Trust of Insured Municipal Bonds-Multi-State:  
Georgia Trust, Series 3

The First Trust Advantage: Indiana Trust, Series 12

IN THE OPINION OF COUNSEL, INTEREST INCOME TO THE TRUSTS AND TO UNIT HOLDERS, WITH CERTAIN EXCEPTIONS, IS EXEMPT UNDER EXISTING LAW FROM ALL FEDERAL INCOME TAXES. IN ADDITION, THE INTEREST INCOME TO THE TRUSTS IS, IN THE OPINION OF SPECIAL COUNSEL, EXEMPT TO THE EXTENT INDICATED FROM STATE AND LOCAL TAXES WHEN HELD BY RESIDENTS OF THE STATE IN WHICH THE ISSUERS OF THE BONDS IN SUCH TRUST ARE LOCATED. CAPITAL GAINS, IF ANY, ARE SUBJECT TO TAX.

THE FIRST TRUST COMBINED SERIES 207 consists of the underlying separate unit investment trusts set forth above. The various trusts are collectively referred to herein as the "Trusts" while all Trusts that are not designated as "The First Trust Advantage" are sometimes collectively referred to herein as the "Insured Trusts" and a Trust with the name designation of "The First Trust of Insured Municipal Bonds, Discount Trust" or "The First Trust Advantage: Discount Trust" is sometimes referred to herein as a "Discount Trust." Each Trust consists of a portfolio of interest-bearing obligations (including delivery statements relating to contracts for the purchase of certain such obligations and an irrevocable letter of credit), issued by or on behalf of states and territories of the United States, and political subdivisions and authorities thereof, the interest on which is, in the opinion of recognized bond counsel to the issuing governmental authorities, exempt from all Federal income taxes under existing law. In addition, the interest income of each Trust is, in the opinion of Special Counsel, exempt to the extent indicated from state and local income taxes when held by residents of the state in which the issuers of the Bonds in such Trust are located. The Sponsor has a limited right to substitute other bonds in each Trust portfolio in the event of a failed contract. The securities in a Discount Trust are acquired at prices which result in a Discount Trust portfolio, as a whole, being purchased at a deep discount from the aggregate par value of such Securities.

INSURANCE GUARANTEEING THE SCHEDULED PAYMENTS OF PRINCIPAL AND INTEREST ON ALL BONDS IN THE PORTFOLIO OF EACH INSURED TRUST HAS BEEN OBTAINED FROM FINANCIAL GUARANTY INSURANCE COMPANY AND/OR AMBAC INDEMNITY CORPORATION BY THE INSURED TRUSTS OR WAS DIRECTLY OBTAINED BY THE BOND ISSUER, THE UNDERWRITERS, THE SPONSOR OR OTHERS PRIOR TO THE DATE OF DEPOSIT FROM FINANCIAL GUARANTY INSURANCE COMPANY, AMBAC INDEMNITY CORPORATION, OR OTHER INSURERS (THE "PREINSURED BONDS"). INSURANCE OBTAINED BY AN INSURED TRUST APPLIES ONLY WHILE BONDS ARE RETAINED IN SUCH TRUST, WHILE INSURANCE ON PREINSURED BONDS IS EFFECTIVE SO LONG AS SUCH BONDS ARE OUTSTANDING. PURSUANT TO AN IRREVOCABLE COMMITMENT OF FINANCIAL GUARANTY INSURANCE COMPANY, AND/OR AMBAC INDEMNITY CORPORATION IN THE EVENT OF A SALE OF A BOND INSURED UNDER AN INSURANCE POLICY OBTAINED BY AN INSURED TRUST, THE TRUSTEE HAS THE RIGHT TO OBTAIN PERMANENT INSURANCE FOR SUCH BOND UPON THE PAYMENT OF A SINGLE PREDETERMINED INSURANCE PREMIUM FROM THE PROCEEDS OF THE SALE OF SUCH BOND. THE INSURANCE, IN EITHER CASE, RELATES ONLY TO THE BONDS IN THE INSURED TRUSTS AND NOT TO THE UNITS OFFERED HEREBY. AS A RESULT OF SUCH INSURANCE, THE UNITS OF EACH INSURED TRUST HAVE RECEIVED A RATING OF "AAA" BY STANDARD & POOR'S CORPORATION. SEE "WHY AND HOW ARE THE INSURED TRUSTS INSURED?" ON PAGE 13. NO REPRESENTATION IS MADE AS TO ANY INSURER'S ABILITY TO MEET ITS COMMITMENTS.

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.

The date of this Prospectus is December 21, 1993

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For convenience the Prospectus is divided into sections which give general information about the Fund and specific information such as the public offering price, distributions and tax status for each Trust.

The Objectives of the Fund are conservation of capital through investment in portfolios of tax-exempt bonds and income exempt from Federal and applicable state and local income taxes. The payment of interest and the preservation of principal are, of course, dependent upon the continuing ability of the issuers,

obligors and/or insurers to meet their respective obligations.

Distributions to Unit holders may be reinvested as described herein. See "How Can Distributions to Unit Holders be Reinvested?"

The Sponsor, although not obligated to do so, intends to maintain a market for the Units at prices based upon the aggregate bid price of the Bonds in the portfolio of each Trust. In the absence of such a market, a Unit holder will nonetheless be able to dispose of the Units through redemption at prices based upon the bid prices of the underlying Bonds. See "How May Units be Redeemed?" With respect to each Insured Trust, neither the bid nor offering prices of the underlying Bonds or of the Units, absent situations in which Bonds are in default in payment of principal or interest or in significant risk of such default, include value attributable to the portfolio insurance obtained by such Trust. See "Why and How are the Insured Trusts Insured?"

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Summary of Essential Information

At the Opening of Business on the Date of Deposit  
of the Bonds-December 21, 1993

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

<TABLE>  
<CAPTION>

	Georgia Insured Trust Series 3	Indiana Advantage Trust Series 12
<S>	<C>	<C>
General Information		
Principal Amount of Bonds in the Trusts	\$ 2,890,000	\$ 2,125,000
Number of Units	2,996	2,200
Fractional Undivided Interest in the Trust per Unit	1/2,996	1/2,200
Principal Amount (Par Value) of Bonds per Unit (1)	\$ 964.62	\$ 965.91
Public Offering Price		
Aggregate Offering Price Evaluation of Bonds in the Portfolio	\$ 2,824,039	\$ 2,060,541
Aggregate Offering Price Evaluation per Unit	\$ 942.60	\$ 936.61
Purchased Interest (2)	\$ 25,166	\$ 18,465
Purchased Interest per Unit (2)	\$ 8.40	\$ 8.39
Sales Charge (3)	\$ 49.00	\$ 55.00
Public Offering Price per Unit (2)	\$ 1,000.00	\$ 1,000.00
Sponsor's Initial Repurchase Price per Unit, including Purchased Interest (2)	\$ 951.00	\$ 945.00
Redemption Price per Unit, including Purchased Interest (4)	\$ 946.33	\$ 940.37
Excess of Public Offering Price per Unit Over Redemption Price per Unit	\$ 53.67	\$ 59.63
Excess of Sponsor's Initial Repurchase Price per Unit Over Redemption Price per Unit	\$ 4.67	\$ 4.63
Discretionary Liquidation Amount (5)	\$ 578,000	\$ 425,000

</TABLE>

First Settlement Date December 29, 1993  
Mandatory Termination Date December 31, 2042  
Supervisory Fee Maximum of \$.25 per Unit annually (6)  
Evaluator's Annual Fee \$0.30 per \$1,000 principal amount of  
Bonds at the Date of Deposit

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.

[FN]

(1) Many unit investment trusts comprised of municipal securities issue a number of Units such that each Unit represents approximately \$1,000 principal amount of underlying securities. The Sponsor, on the other hand, in determining the number of Units for each



Trust, other than Discount Trusts, has elected not to follow this format but rather to provide that number of Units which will establish as close as possible as of the opening of business on the Date of Deposit a Public Offering Price per Unit of \$1,000.

(2) Purchased Interest is a portion of the unpaid interest that has accrued on the Bonds from the later of the last payment date on the Bonds or the date of issuance thereof through the First Settlement Date and is included in the calculation of the Public Offering Price. Purchased Interest will be distributed to Unit holders as Units are redeemed or Securities are sold, mature or are called. Anyone ordering Units for settlement after the First Settlement Date will pay accrued interest from such date to the date of settlement (normally five business days after order) less distributions from the Interest Account subsequent to the First Settlement Date. For purchases settling on the First Settlement Date, no accrued interest will be added to the Public Offering Price other than the Purchased Interest already included therein. After the initial offering period, the Sponsor's Repurchase Price per Unit will be determined as described under the caption "Will There Be a Secondary Market?"

(3) Sales charges for the Trusts, expressed as a percentage of the Public Offering Price per Unit and in parenthesis as a percentage of the Aggregate Offering Price Evaluation per Unit, are as follows: 4.9% (5.152%) for a National Trust and a Georgia Trust, 5.5% (5.820%) for Other State Trusts and 3.9% (4.058%) for an Intermediate Trust.

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

(5) A Trust may be terminated if the value thereof is less than 20% of the original principal amount of Bonds deposited in a Trust.

(6) Payable to an affiliate of the Sponsor.

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#### THE FIRST TRUST COMBINED SERIES

What is the First Trust Combined Series?

The First Trust Combined Series 207 is one of a series of investment companies created by the Sponsor under the name of The First Trust Combined Series, all of which are generally similar but each of which is separate and is designated by a different series number. This Series consists of underlying separate unit investment trusts designated as: The First Trust of Insured Municipal Bonds-Multi-State: Georgia Trust, Series 3 and The First Trust Advantage: Indiana Trust, Series 12 (such Trusts being collectively referred to herein as the "Fund"). This Series was created under the laws of the State of New York pursuant to a Trust Agreement (the "Indenture"), dated the Date of Deposit, with Nike Securities L.P., as Sponsor, United States Trust Company of New York, as Trustee, Securities Evaluation Service, Inc., as Evaluator and First Trust Advisors L.P., as Portfolio Supervisor. Only Units of the Indiana Advantage Trust are offered for sale to residents of the State of Indiana. On the Date of Deposit, the Sponsor deposited with the Trustee interest-bearing obligations, including delivery statements relating to contracts for the purchase of certain such obligations and an irrevocable letter of credit issued by a financial institution in the amount required for such purchases (the "Bonds"). The Trustee thereafter credited the account of the Sponsor for Units of each Trust representing the entire ownership of the Fund which Units are being offered hereby.

The objectives of the Fund are Federal tax-exempt income and state and local tax-exempt income and conservation of capital through investment in portfolios of interest-bearing obligations issued by or on behalf of the state for which such Trust is named (collectively, the "State Trusts"), and counties, municipalities, authorities and political subdivisions thereof, the Commonwealth of Puerto Rico and other territories or municipalities of the United States, or authorities or political subdivisions thereof, the interest on which obligations is, in the opinion of recognized bond counsel to the issuing governmental authorities, exempt from all Federal income tax and, where applicable, state and local taxes under existing law. The current market value of certain of the obligations in a Discount Trust are significantly below face value when the obligations are acquired by such Trust. The prices at which the obligations are acquired result in a Discount Trust's portfolio, as a whole, being purchased at a deep discount from the aggregate

par value of such Securities. Insurance guaranteeing the scheduled payment of all principal and interest on Bonds in the Trusts with the name designation of "The First Trust of Insured Municipal Bonds", "The First Trust of Insured Municipal Bonds-Intermediate" or "The First Trust of Insured Municipal Bonds-Multi-State" (the "Insured Trusts") has been obtained by such Trusts from Financial Guaranty Insurance Company ("Financial Guaranty") and/or AMBAC Indemnity Corporation ("AMBAC Indemnity") or was obtained directly by the Bond issuer, the underwriters, the Sponsor or others prior to the Date of Deposit from Financial Guaranty, AMBAC Indemnity, or other insurers (the "Preinsured Bonds"). NO PORTFOLIO INSURANCE POLICY HAS BEEN OBTAINED BY THE TRUSTS WITH THE NAME DESIGNATION OF "THE FIRST TRUST ADVANTAGE" (THE "ADVANTAGE TRUSTS"). The portfolio insurance obtained by the Insured Trusts is effective only while the Bonds thus insured are held in such Trusts, while insurance on Preinsured Bonds is effective so long as such Bonds are outstanding. See "Why and How are the Insured Trusts Insured?" THERE IS, OF COURSE, NO GUARANTEE THAT THE FUND'S OBJECTIVES WILL BE ACHIEVED. AN INVESTMENT IN THE FUND SHOULD BE MADE WITH AN UNDERSTANDING OF THE RISKS WHICH AN INVESTMENT IN FIXED RATE LONG-TERM DEBT OBLIGATIONS MAY ENTAIL, INCLUDING THE RISK THAT THE VALUE OF THE UNITS WILL DECLINE WITH INCREASES IN INTEREST RATES.

Neither the Public Offering Price of the Units of an Insured Trust nor any evaluation of such Units for purposes of repurchases or redemptions reflects any element of value for the insurance obtained by such Trust unless Bonds are in default in payment of principal or interest or in significant risk of such default. See "Public Offering-How is the Public Offering Price Determined?" On the other hand, the value of insurance obtained by the Bond issuer, the underwriters, the Sponsor or others is reflected and included in the market value of such Bonds.

Insurance obtained by an Insured Trust or by the Bond issuer, the underwriters, the Sponsor or others is not a substitute for the basic credit of an issuer, but supplements the existing credit and provides additional security

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therefor. If an issue is accepted for insurance, a noncancellable policy for the scheduled payment of interest and principal on the Bonds is issued by the insurer. A single premium is paid by the Bond issuer, the underwriters, the Sponsor or others for Preinsured Bonds and a monthly premium is paid by each Insured Trust for the insurance obtained by such Trust except for Bonds in such Trust which are insured by the Bond issuer, the underwriters, the Sponsor or others in which case no premiums for insurance are paid by such Trust. Upon the sale of a Bond insured under the insurance policy obtained by an Insured Trust, the Trustee has the right to obtain permanent insurance from Financial Guaranty and/or AMBAC Indemnity with respect to such Bond upon the payment of a single predetermined insurance premium from the proceeds of the sale of such Bond. Accordingly, any Bond in an Insured Trust of the Fund is eligible to be sold on an insured basis. Standard & Poor's Corporation and Moody's Investors Service, Inc. have rated the claims-paying ability of Financial Guaranty and AMBAC Indemnity "AAA" and "Aaa," respectively. See "Why and How are the Insured Trusts Insured?"

In selecting Bonds, the following facts, among others, were considered: (i) the Standard & Poor's Corporation rating of the Bonds was in no case less than "BBB" in the case of an Insured Trust and "A-" in the case of an Advantage Trust, or the Moody's Investors Service, Inc. rating of the Bonds was in no case less than "Baa" in the case of an Insured Trust and "A" in the case of an Advantage Trust, including provisional or conditional ratings, respectively, or, if not rated, the Bonds had, in the opinion of the Sponsor, credit characteristics sufficiently similar to the credit characteristics of interest-bearing tax-exempt obligations that were so rated as to be acceptable for acquisition by the Fund (see "Description of Bond Ratings"); (ii) the prices of the Bonds relative to other bonds of comparable quality and maturity; (iii) with respect to the Insured Trusts, the availability and cost of insurance of the principal and interest on the Bonds and (iv) the diversification of Bonds as to purpose of issue and location of issuer. Subsequent to the Date of Deposit, a Bond may cease to be rated or its rating may be reduced below the minimum required as of the Date of Deposit. Neither event requires elimination of such Bond from the portfolio, but may be considered in the Sponsor's determination as to whether or not to direct the Trustee to dispose of the Bond. See "Rights of Unit Holders-How May Bonds be Removed from the Fund?"

Certain of the Bonds in the Trust may have been acquired at a

market discount from par value at maturity. The coupon interest rates on the discount bonds at the time they were purchased and deposited in the Trust were lower than the current market interest rates for newly issued bonds of comparable rating and type. If such interest rates for newly issued comparable bonds increase, the market discount of previously issued bonds will become greater, and if such interest rates for newly issued comparable bonds decline, the market discount of previously issued bonds will be reduced, other things being equal. Investors should also note that the value of bonds purchased at a market discount will increase in value faster than bonds purchased at a market premium if interest rates decrease. Conversely, if interest rates increase, the value of bonds purchased at a market discount will decrease faster than bonds purchased at a market premium. In addition, if interest rates rise, the prepayment risk of higher yielding, premium bonds and the prepayment benefit for lower yielding, discount bonds will be reduced. A discount bond held to maturity will have a larger portion of its total return in the form of taxable income and capital gain and less in the form of tax-exempt interest income than a comparable bond newly issued at current market rates. See "What is the Federal Tax Status of Unit Holders?" Market discount attributable to interest changes does not indicate a lack of market confidence in the issue. Neither the Sponsor nor the Trustee shall be liable in any way for any default, failure or defect in any of the Bonds.

Certain of the Bonds in the Trusts may be original issue discount bonds. Under current law, the original issue discount, which is the difference between the stated redemption price at maturity and the issue price of the Bonds, is deemed to accrue on a daily basis and the accrued portion is treated as tax-exempt interest income for Federal income tax purposes. On sale or redemption, any gain realized that is in excess of the earned portion of original issue discount will be taxable as capital gain unless the gain is attributable to market discount in which case the accretion of market discount is taxable as ordinary income. See "What is the Federal Tax Status of Unit Holders?" The current value of an original issue discount bond reflects the present value

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of its stated redemption price at maturity. The market value tends to increase in greater increments as the Bonds approach maturity.

Certain of the original issue discount bonds may be Zero Coupon Bonds (including bonds known as multiplier bonds, money multiplier bonds, capital appreciation bonds, capital accumulator bonds, compound interest bonds and money discount maturity payment bonds). Zero Coupon Bonds do not provide for the payment of any current interest and generally provide for payment at maturity at face value unless sooner sold or redeemed. Zero Coupon Bonds may be subject to more price volatility than conventional bonds. While some types of Zero Coupon Bonds, such as multipliers and capital appreciation bonds, define par as the initial offering price rather than the maturity value, they share the basic Zero Coupon Bond features of (1) not paying interest on a semi-annual basis and (2) providing for the reinvestment of the bond's semi-annual earnings at the bond's stated yield to maturity. While Zero Coupon Bonds are frequently marketed on the basis that their fixed rate of return minimizes reinvestment risk, this benefit can be negated in large part by weak call protection, i.e., a bond's provision for redemption at only a modest premium over the accreted value of the bond.

Certain of the Bonds in the Trusts may have been acquired at a market premium from par value at maturity. The coupon interest rates on the premium bonds at the time they were purchased and deposited in the Trusts were higher than the current market interest rates for newly issued bonds of comparable rating and type. If such interest rates for newly issued and otherwise comparable bonds decrease, the market premium of previously issued bonds will be increased, and if such interest rates for newly issued comparable bonds increase, the market premium of previously issued bonds will be reduced, other things being equal. The current returns of bonds trading at a market premium are initially higher than the current returns of comparable bonds of a similar type issued at currently prevailing interest rates because premium bonds tend to decrease in market value as they approach maturity when the face amount becomes payable. Because part of the purchase price is thus returned not at maturity but through current income payments, early redemption of a premium bond at par or early prepayments of principal will result in a reduction in yield. Redemption pursuant to call provisions generally will, and redemption pursuant to sinking fund provisions may, occur at times when the redeemed

Bonds have an offering side valuation which represents a premium over par or for original issue discount Bonds a premium over the accreted value. To the extent that the Bonds were deposited in the Fund at a price higher than the price at which they are redeemed, this will represent a loss of capital when compared to the original Public Offering Price of the Units. Because premium bonds generally pay a higher rate of interest than bonds priced at or below par, the effect of the redemption of premium bonds would be to reduce Estimated Net Annual Unit Income by a greater percentage than the par amount of such bonds bears to the total par amount of Bonds in the Trust. Although the actual impact of any such redemptions that may occur will depend upon the specific Bonds that are redeemed, it can be anticipated that the Estimated Net Annual Unit Income will be significantly reduced after the dates on which such Bonds are eligible for redemption. The Trust may be required to sell Zero Coupon Bonds prior to maturity (at their current market price which is likely to be less than their par value) in the event that all the Bonds in the portfolio other than the Zero Coupon Bonds are called or redeemed in order to pay expenses of the Trust or in case the Trust is terminated. See "Rights of Unit Holders: How May Bonds be Removed from the Fund?" and "Other Information: How May the Indenture be Amended or Terminated?" See "Portfolio" for each Trust for the earliest scheduled call date and the initial redemption price for each Bond.

Certain of the Bonds in the Trusts may be general obligations of a governmental entity that are backed by the taxing power of such entity. All other Bonds in the Trusts are revenue bonds payable from the income of a specific project or authority and are not supported by the issuer's power to levy taxes. General obligation bonds are secured by the issuer's pledge of its faith, credit and taxing power for the payment of principal and interest. Revenue bonds, on the other hand, are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise tax or other specific revenue source. There are, of course, variations in the security of the different Bonds in the Fund, both within a particular classification and between classifications, depending on numerous factors.

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Certain of the Bonds in the Trusts may be health care revenue bonds. Ratings of bonds issued for health care facilities are sometimes based on feasibility studies that contain projections of occupancy levels, revenues and expenses. A facility's gross receipts and net income available for debt service may be affected by future events and conditions including among other things, demand for services, the ability of the facility to provide the services required, physicians' confidence in the facility, management capabilities, competition with other hospitals, efforts by insurers and governmental agencies to limit rates, legislation establishing state rate-setting agencies, expenses, government regulation, the cost and possible unavailability of malpractice insurance and the termination or restriction of governmental financial assistance, including that associated with Medicare, Medicaid and other similar third party payor programs. Pursuant to recent Federal legislation, Medicare reimbursements are currently calculated on a prospective basis utilizing a single nationwide schedule of rates. Prior to such legislation Medicare reimbursements were based on the actual costs incurred by the health facility. The current legislation may adversely affect reimbursements to hospitals and other facilities for services provided under the Medicare program.

Certain of the Bonds in the Trusts may be single family mortgage revenue bonds, which are issued for the purpose of acquiring from originating financial institutions notes secured by mortgages on residences located within the issuer's boundaries and owned by persons of low or moderate income. Mortgage loans are generally partially or completely prepaid prior to their final maturities as a result of events such as sale of the mortgaged premises, default, condemnation or casualty loss. Because these Bonds are subject to extraordinary mandatory redemption in whole or in part from such prepayments of mortgage loans, a substantial portion of such Bonds will probably be redeemed prior to their scheduled maturities or even prior to their ordinary call dates. The redemption price of such issues may be more or less than the offering price of such Bonds. Extraordinary mandatory redemption without premium could also result from the failure of the originating financial institutions to make mortgage loans in sufficient amounts within a specified time period or, in some cases, from the sale by the Bond issuer of the mortgage loans. Failure of the originating financial institutions to make mortgage loans would be due principally to the interest rates on mortgage loans funded from other sources becoming competitive with the interest rates on the mortgage loans

funded with the proceeds of the single family mortgage revenue bonds. Additionally, unusually high rates of default on the underlying mortgage loans may reduce revenues available for the payment of principal of or interest on such mortgage revenue bonds. Single family mortgage revenue bonds issued after December 31, 1980 were issued under Section 103A of the Internal Revenue Code, which Section contains certain ongoing requirements relating to the use of the proceeds of such Bonds in order for the interest on such Bonds to retain its tax-exempt status. In each case, the issuer of the Bonds has covenanted to comply with applicable ongoing requirements and bond counsel to such issuer has issued an opinion that the interest on the Bonds is exempt from Federal income tax under existing laws and regulations. There can be no assurances that the ongoing requirements will be met. The failure to meet these requirements could cause the interest on the Bonds to become taxable, possibly retroactively from the date of issuance.

Certain of the Bonds in the Trusts may be obligations of issuers whose revenues are primarily derived from mortgage loans to housing projects for low to moderate income families. The ability of such issuers to make debt service payments will be affected by events and conditions affecting financed projects, including, among other things, the achievement and maintenance of sufficient occupancy levels and adequate rental income, increases in taxes, employment and income conditions prevailing in local labor markets, utility costs and other operating expenses, the managerial ability of project managers, changes in laws and governmental regulations, the appropriation of subsidies and social and economic trends affecting the localities in which the projects are located. The occupancy of housing projects may be adversely affected by high rent levels and income limitations imposed under Federal and state programs. Like single family mortgage revenue bonds, multi-family mortgage revenue bonds are subject to redemption and call features, including extraordinary mandatory redemption features, upon prepayment, sale or non-origination of mortgage loans as well as upon the occurrence of other events. Certain issuers of single or multi-family housing bonds have considered various ways to redeem bonds they have issued prior to the stated first redemption

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dates for such bonds. In one situation the New York City Housing Development Corporation, in reliance on its interpretation of certain language in the indenture under which one of its bond issues was created, redeemed all of such issue at par in spite of the fact that such indenture provided that the first optional redemption was to include a premium over par and could not occur prior to 1992. In connection with the housing Bonds held by a Trust, the Sponsor has not had any direct communications with any of the issuers thereof, but at the Date of Deposit it is not aware that any of the respective issuers of such Bonds are actively considering the redemption of such Bonds prior to their respective stated initial call dates. However, there can be no assurance that an issuer of a Bond in a Trust will not attempt to so redeem a Bond in a Trust.

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

Certain of the Bonds in the Trusts may be obligations of issuers whose revenues are primarily derived from the sale of electric energy. Utilities are generally subject to extensive regulation by state utility commissions which, among other things, establish the rates which may be charged and the appropriate rate of return on an approved asset base. The problems faced by such issuers include the difficulty in obtaining approval for timely and adequate rate increases from the governing public utility commission, the difficulty in financing large construction programs, the limitations on operations and increased costs and delays attributable to environmental considerations, increased competition, recent reductions in estimates of future demand for electricity in certain areas of the country, the difficulty of the capital market in absorbing utility debt, the difficulty in obtaining fuel at reasonable prices and the effect of energy conservation. All of such issuers have been experiencing

certain of these problems in varying degrees. In addition, Federal, state and municipal governmental authorities may from time to time review existing and impose additional regulations governing the licensing, construction and operation of nuclear power plants, which may adversely affect the ability of the issuers of such Bonds to make payments of principal and/or interest on such Bonds.

Certain of the Bonds in the Trusts may be lease obligations issued for the most part by governmental authorities that have no taxing power or other means of directly raising revenues. Rather, the governmental authorities are financing vehicles created solely for the construction of buildings (schools, administrative offices, convention centers and prisons, for example) or the purchase of equipment (police cars and computer systems, for example) that will be used by a state or local government (the "lessee"). Thus, these obligations are subject to the ability and willingness of the lessee government to meet its lease rental payments which include debt service on the obligations. Lease obligations are subject, in almost all cases, to the annual appropriation risk, i.e., the lessee government is not legally obligated to budget and appropriate for the rental payments beyond the current fiscal year. These obligations are also subject to construction and abatement risk in many states - rental obligations cease in the event that delays in building, damage, destruction or condemnation of the project prevents its use by the lessee. In these cases, insurance provisions designed to alleviate this risk become important credit factors. In the event of default by the lessee government, there may be significant legal and/or practical difficulties involved in the re-letting or sale of the project. Some of these issues, particularly those for equipment purchase, contain the so-called "substitution safeguard", which bars the lessee government, in the event it defaults on its rental payments, from the purchase or use of similar equipment for a certain period of time. This safeguard is designed to insure that the lessee government will appropriate, even though it is not legally obligated to do so, but its legality remains untested in most, if not all, states.

Certain of the Bonds in the Trusts may be industrial revenue bonds ("IRBs"), including pollution control revenue bonds, which are tax-exempt securities issued by states, municipalities, public authorities or similar

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entities to finance the cost of acquiring, constructing or improving various industrial projects. These projects are usually operated by corporate entities. Issuers are obligated only to pay amounts due on the IRBs to the extent that funds are available from the unexpended proceeds of the IRBs or receipts or revenues of the issuer under an arrangement between the issuer and the corporate operator of a project. The arrangement may be in the form of a lease, installment sale agreement, conditional sale agreement or loan agreement, but in each case the payments to the issuer are designed to be sufficient to meet the payments of amounts due on the IRBs. Regardless of the structure, payment of IRBs is solely dependent upon the creditworthiness of the corporate operator of the project or corporate guarantor. Corporate operators or guarantors may be affected by many factors which may have an adverse impact on the credit quality of the particular company or industry. These include cyclicity of revenues and earnings, regulatory and environmental restrictions, litigation resulting from accidents or environmentally-caused illnesses, extensive competition and financial deterioration resulting from a complete restructuring pursuant to a leveraged buy-out, takeover or otherwise. Such a restructuring may result in the operator of a project becoming highly leveraged which may impact on such operator's creditworthiness, which in turn would have an adverse impact on the rating and/or market value of such Bonds. Further, the possibility of such a restructuring may have an adverse impact on the market for and consequently the value of such Bonds, even though no actual takeover or other action is ever contemplated or affected. The IRBs in a Trust may be subject to special or extraordinary redemption provisions which may provide for redemption at par or, with respect to original issue discount bonds, at issue price plus the amount of original issue discount accreted to the redemption date plus, if applicable, a premium. The Sponsor cannot predict the causes or likelihood of the redemption of IRBs or other Bonds in the Trusts prior to the stated maturity of such Bonds.

Certain of the Bonds in the Trusts may be obligations which are payable from and secured by revenues derived from the ownership and operation of facilities such as airports, bridges, turnpikes, port authorities, convention centers and arenas. The major portion of an airport's gross operating income is generally derived from

fees received from signatory airlines pursuant to use agreements which consist of annual payments for leases, occupancy of certain terminal space and service fees. Airport operating income may therefore be affected by the ability of the airlines to meet their obligations under the use agreements. The air transport industry is experiencing significant variations in earnings and traffic, due to increased competition, excess capacity, increased costs, deregulation, traffic constraints and other factors, and several airlines are experiencing severe financial difficulties. The Sponsor cannot predict what effect these industry conditions may have on airport revenues which are dependent for payment on the financial condition of the airlines and their usage of the particular airport facility. Similarly, payment on Bonds related to other facilities is dependent on revenues from the projects, such as user fees from ports, tolls on turnpikes and bridges and rents from buildings. Therefore, payment may be adversely affected by reduction in revenues due to such factors as increased cost of maintenance, decreased use of a facility, lower cost of alternative modes of transportation, scarcity of fuel and reduction or loss of rents.

Certain of the Bonds in the Trusts may be obligations of issuers which are, or which govern the operation of, schools, colleges and universities and whose revenues are derived mainly from ad valorem taxes, or for higher education systems, from tuition, dormitory revenues, grants and endowments. General problems relating to school bonds include litigation contesting the state constitutionality of financing public education in part from ad valorem taxes, thereby creating a disparity in educational funds available to schools in wealthy areas and schools in poor areas. Litigation or legislation on this issue may affect the sources of funds available for the payment of school bonds in the Trusts. General problems relating to college and university obligations would include the prospect of a declining percentage of the population consisting of "college" age individuals, possible inability to raise tuitions and fees sufficiently to cover increased operating costs, the uncertainty of continued receipt of Federal grants and state funding and new government legislation or regulations which may adversely affect the revenues or costs of such issuers. All of such issuers have been experiencing certain of these problems in varying degrees.

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Certain of the Bonds in the Trusts may be obligations which are payable from and secured by revenues derived from the operation of resource recovery facilities. Resource recovery facilities are designed to process solid waste, generate steam and convert steam to electricity. Resource recovery bonds may be subject to extraordinary optional redemption at par upon the occurrence of certain circumstances, including but not limited to: destruction or condemnation of a project; contracts relating to a project becoming void, unenforceable or impossible to perform; changes in the economic availability of raw materials, operating supplies or facilities necessary for the operation of a project or technological or other unavoidable changes adversely affecting the operation of a project; administrative or judicial actions which render contracts relating to the projects void, unenforceable or impossible to perform; or impose unreasonable burdens or excessive liabilities. The Sponsor cannot predict the causes or likelihood of the redemption of resource recovery bonds in the Trusts prior to the stated maturity of the Bonds.

Investors should be aware that many of the Bonds in the Trusts are subject to continuing requirements such as the actual use of Bond proceeds or manner of operation of the project financed from Bond proceeds that may affect the exemption of interest on such Bonds from Federal income taxation. Although at the time of issuance of each of the Bonds in the Trusts an opinion of bond counsel was rendered as to the exemption of interest on such obligations from Federal income taxation, there can be no assurance that the respective issuers or other obligors on such obligations will fulfill the various continuing requirements established upon issuance of the Bonds. A failure to comply with such requirements may cause a determination that interest on such obligations is subject to Federal income taxation, perhaps even retroactively from the date of issuance of such Bonds, thereby reducing the value of the Bonds and subjecting Unit holders to unanticipated tax liabilities.

Because certain of the Bonds may from time to time under certain circumstances be sold or redeemed or will mature in accordance with their terms and because the proceeds from such events will be distributed to Unit holders and will not be reinvested, no assurance can be given that a Trust will retain for any length of time its present size and composition. Neither the Sponsor nor the Trustee shall be liable in any way for any default, failure

or defect in any Bond. Certain of the Bonds contained in the Trusts may be subject to being called or redeemed in whole or in part prior to their stated maturities pursuant to optional redemption provisions, sinking fund provisions, special or extraordinary redemption provisions or otherwise. See "Portfolio" for each Trust. A bond subject to optional call is one which is subject to redemption or refunding prior to maturity at the option of the issuer. A refunding is a method by which a bond issue is redeemed, at or before maturity, by the proceeds of a new bond issue. A bond subject to sinking fund redemption is one which is subject to partial call from time to time at par or, in the case of a zero coupon bond, at the accreted value from a fund accumulated for the scheduled retirement of a portion of an issue prior to maturity. Special or extraordinary redemption provisions may provide for redemption at par (or for original issue discount bonds at issue price plus the amount of original issue discount accreted to redemption date plus, if applicable, some premium) of all or a portion of an issue upon the occurrence of certain circumstances. Generally, events that may permit the extraordinary optional redemption of Bonds or may require mandatory redemption of Bonds include, among others: a final determination that the interest on the Bonds is taxable; the substantial damage or destruction by fire or other casualty of the project for which the proceeds of the Bonds were used; an exercise by a local, state or Federal governmental unit of its power of eminent domain to take all or substantially all of the project for which the proceeds of the Bonds were used; changes in the economic availability of raw materials, operating supplies or facilities or technological or other changes which render the operation of the project, for which the proceeds of the Bonds were used, uneconomic; changes in law or an administrative or judicial decree which renders the performance of the agreement under which the proceeds of the Bonds were made available to finance the project impossible or which creates unreasonable burdens or which imposes excessive liabilities, such as taxes, not imposed on the date the Bonds are issued on the issuer of the Bonds or the user of the proceeds of the Bonds; an administrative or judicial decree which requires the cessation of a substantial part of the operations of the project financed with the proceeds of the Bonds; an overestimate of the costs of the project to be financed with the proceeds of the Bonds resulting in excess

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proceeds of the Bonds which may be applied to redeem Bonds; or an underestimate of a source of funds securing the Bonds resulting in excess funds which may be applied to redeem Bonds. See also the discussion of single family mortgage and multi-family mortgage revenue bonds above for more information on the call provisions of such bonds. The exercise of redemption or call provisions will (except to the extent the proceeds of the called Bonds are used to pay for Unit redemptions) result in the distribution of principal and may result in a reduction in the amount of subsequent interest distributions; it may also affect the long-term return and the current return on Units of each Trust. Redemption pursuant to call provisions is more likely to occur, and redemption pursuant to sinking fund provisions may occur, when the Bonds have an offering side valuation which represents a premium over par or for original issue discount bonds a premium over the accreted value. Unit holders may recognize capital gain or loss upon any redemption or call.

The contracts to purchase Bonds delivered to the Trustee represent an obligation by issuers or dealers to deliver Bonds to the Sponsor for deposit in each Trust. Contracts are typically settled and the Bonds delivered within a few business days subsequent to the Date of Deposit. The percentage of the aggregate principal amount of the Bonds of each Trust relating to "when, as and if issued" Bonds or other Bonds with delivery dates after the date of settlement for a purchase made on the Date of Deposit, if any, is indicated in the section for each Trust entitled "Portfolio." Interest on "when, as and if issued" and delayed delivery Bonds begins accruing to the benefit of Unit holders on their dates of delivery. Because "when, as and if issued" Bonds have not yet been issued, as of the Date of Deposit each Trust is subject to the risk that the issuers thereof might decide not to proceed with the offering of such Bonds or that the delivery of such Bonds or the delayed delivery Bonds may be delayed. If such Bonds, or replacement bonds described below, are not acquired by a Trust or if their delivery is delayed, the Estimated Long-Term Return and the Estimated Current Return (if applicable) shown in the "Special Trust Information" for that Trust may be reduced.

In the event of a failure to deliver any Bond that has been purchased for a Trust under a contract, including those Bonds purchased on a "when, as and if issued" basis ("Failed Bonds"), the Sponsor



is authorized under the Indenture to direct the Trustee to acquire other specified bonds ("New Bonds") to make up the original corpus of such Trust. The New Bonds must be purchased within twenty days after delivery of the notice of the failed contract and the purchase price (exclusive of accrued interest) may not exceed the amount of funds reserved for the purchase of the Failed Bonds. The New Bonds (i) must satisfy the criteria previously described for Bonds originally included in the Trust, (ii) must have a fixed maturity date of at least ten years or, in the case of a shorter term Trust, within the range of maturities of the Bonds initially deposited in such Trust, but not exceeding the maturity date of the Failed Bonds, (iii) must be purchased at a price that results in a yield to maturity and in a current return, in each case as of the Date of Deposit, at least equal to that of the Failed Bonds, (iv) shall not be "when, as and if issued" bonds, (v) with respect to an Insured Trust, when acquired by such Insured Trust must be insured by Financial Guaranty and/or AMBAC Indemnity under the insurance policy obtained by such Insured Trust or must be insured under an insurance policy obtained by the Bond issuer, the underwriters, the Sponsor or others and (vi) shall have the benefit of exemption from state taxation on interest to an equal or greater extent than the Failed Bonds they replace. Whenever a New Bond has been acquired for a Trust, the Trustee shall, within five days thereafter, notify all Unit holders of such Trust of the acquisition of the New Bond and shall, on the next monthly distribution date which is more than 30 days thereafter, make a pro rata distribution of the amount, if any, by which the cost to such Trust of the Failed Bond exceeded the cost of the New Bond plus accrued interest. Once the original corpus of a Trust is acquired, the Trustee will have no power to vary the investment of such Trust, i.e., the Trustee will have no managerial power to take advantage of market variations to improve a Unit holder's investment.

If the right of limited substitution described in the preceding paragraph shall not be utilized to acquire New Bonds in the event of a failed contract, the Sponsor shall refund the sales charge and the Purchased Interest attributable to such failed contract to all Unit holders of the affected Trust, and the principal and accrued interest (at the coupon rate of the relevant Bond to the date the Sponsor is notified of the failure) attributable

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to such failed contract shall be distributed not more than thirty days after the determination of such failure or at such earlier time as the Trustee in its sole discretion deems to be in the interest of the Unit holders of the affected Trust. Unit holders should be aware that at the time of the receipt of such refunded principal they may not be able to reinvest such principal in other securities at a yield equal to or in excess of the yield which such principal would have earned to Unit holders had the Failed Bond been delivered to the Trust. The portion of such interest paid to a Unit holder which accrued after the expected date of settlement for purchase of his Units will be paid by the Sponsor and accordingly will not be treated as tax-exempt income.

To the best knowledge of the Sponsor, there is no litigation pending as of the Date of Deposit in respect of any Bonds which might reasonably be expected to have a material adverse effect upon the Trusts. At any time after the Date of Deposit, litigation may be initiated on a variety of grounds with respect to Bonds in a Trust. Such litigation, as for example suits challenging the issuance of pollution control revenue bonds under environmental protection statutes, may affect the validity of such Bonds or the tax-free nature of the interest thereon. While the outcome of litigation of such nature can never be entirely predicted, the Fund has received opinions of bond counsel to the issuing authority of each Bond on the date of issuance to the effect that such Bonds have been validly issued and that the interest thereon is exempt from Federal income taxes and state and local taxes. In addition, other factors may arise from time to time which potentially may impair the ability of issuers to meet obligations undertaken with respect to the Bonds.

Each Unit initially offered represents that fractional undivided interest in such Trust as is set forth in the "Summary of Essential Information" for each Trust. To the extent that any Units of a Trust are redeemed by the Trustee, the fractional undivided interest in such Trust represented by each unredeemed Unit will increase, although the actual interest in such Trust represented by such fraction will remain substantially unchanged. Units will remain outstanding until redeemed upon tender to the Trustee by any Unit holder, which may include the Sponsor, or until the termination of the Trust Agreement.

#### What are Estimated Long-Term Return and Estimated Current Return?

At the opening of business on the Date of Deposit, the Estimated Current Return (if applicable) and the Estimated Long-Term Return are as set forth in "Special Trust Information" for each Trust. Estimated Current Return is computed by dividing the Estimated Net Annual Interest Income per Unit by the Public Offering Price. Any change in either the Estimated Net Annual Interest Income per Unit or the Public Offering Price will result in a change in the Estimated Current Return. For each Trust, the Public Offering Price will vary in accordance with fluctuations in the prices of the underlying Bonds and the Net Annual Interest Income per Unit will change as Bonds are redeemed, paid, sold or exchanged in certain refundings or as the expenses of each Trust change. Therefore, there is no assurance that the Estimated Current Return (if applicable) indicated in the "Special Trust Information" for each Trust will be realized in the future. Estimated Long-Term Return is calculated using a formula which (1) takes into consideration and determines and factors in the relative weightings of the market values, yields (which takes into account the amortization of premiums and the accretion of discounts) and estimated retirements of all of the Bonds in the Trust; (2) takes into account the expenses and sales charge associated with each Unit of a Trust; and (3) takes into effect the tax-adjusted yield from potential capital gains at the Date of Deposit. Since the market values and estimated retirements of the Bonds and the expenses of the Trust will change, there is no assurance that the Estimated Long-Term Return indicated in the "Special Trust Information" for each Trust will be realized in the future. Estimated Current Return and Estimated Long-Term Return are expected to differ because the calculation of Estimated Long-Term Return reflects the estimated date and amount of principal returned while Estimated Current Return calculations include only Net Annual Interest Income and Public Offering Price as of the Date of Deposit. Neither rate reflects the true return to Unit holders, which is lower, because neither includes the effect of certain delays in distributions to Unit holders.

In order to acquire certain of the Bonds contracted for by the Sponsor for deposit in a Trust, it may be necessary to pay on the settlement dates for delivery of such Bonds amounts covering accrued interest on such Bonds which exceed the amounts furnished by the Sponsor. The Trustee has agreed to pay for any amounts

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necessary to cover any such excess and will be reimbursed therefor, without interest, when funds become available from interest payments on the particular Bonds with respect to which such payments have been made. Also, since interest on the Bonds in a Trust does not begin accruing as tax-exempt interest income to the benefit of Unit holders until their respective dates of delivery, the Trustee will, in order to obtain for the Unit holders the estimated net annual interest income during the first year of each Trust's operations as is indicated in the "Special Trust Information" for each Trust, reduce its fee and, to the extent necessary, pay expenses of each Trust in an amount equal to all or a portion of the amount of interest that would have so accrued on such Bonds between the settlement date of units purchased on the Date of Deposit and such dates of delivery. If none of the Bonds in a portfolio has a delivery date after the settlement date of Units purchased on the Date of Deposit, the Trustee will neither reduce its fee nor pay expenses of a Trust as described above.

Record Dates for distributions of interest are the fifteenth day of each month. The Distribution Dates for distributions of interest is the last day of each month in which the related Record Date occurs. Unit holders will receive such distributions, if any, from the Principal Account as are made as of the Record Dates for monthly distributions.

#### How are Purchased Interest and Accrued Interest Treated?

Purchased Interest. Purchased Interest is a portion of the unpaid interest that has accrued on the Bonds from the later of the last payment date on the Bonds or the date of issuance thereof through the First Settlement Date and is included in the calculation of the Public Offering Price. Purchased Interest will be distributed to Unit holders as Units are redeemed or Securities are sold, mature or are called. See "Summary of Essential Information" for the amount of Purchased Interest per Unit for each Trust. Purchased Interest is an element of the determination of the price Unit holders will receive in connection with the sale or redemption of Units prior to the termination of the Trust.

Accrued Interest. Accrued interest is the accumulation of unpaid interest on a bond from the last day on which interest thereon was paid. Interest on Bonds generally is paid semi-annually, although the Trust accrues such interest daily. Because of this, the Trust always has an amount of interest earned but not yet collected by the Trustee. For this reason, with respect to sales settling subsequent to the First Settlement Date, the Public Offering Price of Units will have added to it the proportionate share of accrued interest to the date of settlement. Unit holders will receive on the next distribution date of the Trust the amount, if any, of accrued interest paid on their Units.

In an effort to reduce the amount of Purchased Interest which would otherwise have to be paid by Unit holders, the Trustee may advance a portion of the accrued interest to the Sponsor as the Unit holder of record as of the First Settlement Date. Consequently, the amount of accrued interest to be added to the Public Offering Price of Units will include only accrued interest from the First Settlement Date to the date of settlement (other than the Purchased Interest already included therein), less any distributions from the Interest Account subsequent to the First Settlement Date. See "Rights of Unit Holders-How are Interest and Principal Distributed?"

Because of the varying interest payment dates of the Bonds, accrued interest at any point in time will be greater than the amount of interest actually received by the Trust and distributed to Unit holders. If a Unit holder sells or redeems all or a portion of his Units, he will be entitled to receive his proportionate share of the Purchased Interest and accrued interest from the purchaser of his Units. Since the Trustee has the use of the funds (including Purchased Interest) held in the Interest Account for distributions to Unit holders and since such Account is non-interest-bearing to Unit holders, the Trustee benefits thereby.

Why and How are the Insured Trusts Insured?

THE FOLLOWING DISCUSSION IS APPLICABLE ONLY TO THE INSURED TRUSTS.  
THE BONDS IN THE PORTFOLIO OF AN ADVANTAGE TRUST ARE NOT INSURED BY INSURANCE OBTAINED BY THE FUND.

All Bonds in the portfolio of an Insured Trust are insured as to the scheduled payment of interest and principal by policies obtained by each Insured Trust from Financial Guaranty Insurance Company ("Financial Guaranty" or "FGIC"), a New York stock insurance company, or AMBAC Indemnity Corporation ("AMBAC

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Indemnity" or "AMBAC"), a Wisconsin-domiciled stock insurance company, or obtained by the Bond issuer, the underwriters, the Sponsor or others prior to the Date of Deposit directly from Financial Guaranty, AMBAC Indemnity or other insurers (the "Preinsured Bonds"). The insurance policy obtained by each Insured Trust is noncancellable and will continue in force for such Trust so long as such Trust is in existence and the Bonds described in the policy continue to be held by such Trust (see "Portfolio" for each Insured Trust). Nonpayment of premiums on the policy obtained by each Insured Trust will not result in the cancellation of insurance, but will permit Financial Guaranty and/or AMBAC Indemnity to take action against the Trustee to recover premium payments due it. Premium rates for each issue of Bonds protected by the policy obtained by each Insured Trust are fixed for the life of such Trust. The premium for any Preinsured Bonds has been paid in advance by the Bond issuer, the underwriters, the Sponsor or others and any such policy or policies are noncancellable and will continue in force so long as the Bonds so insured are outstanding and the insurer and/or insurers thereof remain in business. If the provider of an original issuance insurance policy is unable to meet its obligations under such policy, or if the rating assigned to the claims-paying ability of such insurer deteriorates, Financial Guaranty and/or AMBAC Indemnity has no obligation to insure any issue adversely affected by either of the above described events. A monthly premium is paid by each Insured Trust for the insurance obtained by such Trust, which is payable from the interest income received by such Trust. In the case of Preinsured Bonds, no premiums for insurance are paid by the Insured Trust.

Financial Guaranty Insurance Company. Under the provisions of the aforementioned portfolio insurance issued by Financial Guaranty, Financial Guaranty unconditionally and irrevocably agrees to pay to Citibank, N.A., or its successor, as its agent (the "Fiscal Agent"), that portion of the principal of and interest on the Bonds covered by the policy which shall become due for payment

but shall be unpaid by reason of nonpayment by the issuer of the Bonds. The term "due for payment" means, when referring to the principal of a Bond, its stated maturity date or the date on which it shall have been called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest, except that when the interest on a Bond shall have been determined, as provided in the underlying documentation relating to such Bond, to be subject to Federal income taxation, "due for payment" also means, when referring to the principal of such Bond, the date on which such Bond has been called for mandatory redemption as a result of such determination of taxability, and when referring to interest on such Bond, the accrued interest at the rate provided in such documentation to the date on which such Bond has been called for such mandatory redemption, together with any applicable redemption premium. The term "due for payment" will not include, when referring to either the principal of a Bond or the interest on a Bond, any acceleration of payment unless such acceleration is at the sole option of Financial Guaranty.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes due for payment or on the business day next following the day on which Financial Guaranty shall have received notice of nonpayment, whichever is later. The Fiscal Agent will disburse to the Trustee the face amount of principal and interest which is then due for payment but is unpaid by reason of nonpayment by the issuer but only upon receipt by the Fiscal Agent of (i) evidence of the Trustee's right to receive payment of the principal or interest due for payment and (ii) evidence, including any appropriate instruments of assignment, that all of the rights to payment of such principal or interest due for payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Trustee's rights thereunder, including the right to payment thereof.

Pursuant to an irrevocable commitment of Financial Guaranty, the Trustee, upon the sale of a Bond covered under a policy obtained by an Insured Trust has the right to obtain permanent insurance with respect to such Bond (i.e., insurance to maturity of the Bonds regardless of the identity of the holder thereof) (the "Permanent Insurance") upon the payment of a single predetermined insurance premium from the proceeds of the

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sale of such Bond. Accordingly, any Bond in an Insured Trust is eligible to be sold on an insured basis. It is expected that the Trustee will exercise the right to obtain Permanent Insurance only if upon such exercise the Insured Trust would receive net proceeds (sale of Bond proceeds less the insurance premium attributable to the Permanent Insurance ) from such sale in excess of the sale proceeds if such Bonds were sold on an uninsured basis. The insurance premium with respect to each Bond eligible for Permanent Insurance is determined based upon the insurability of each Bond as of the Date of Deposit and will not be increased or decreased for any change in the creditworthiness of such Bond.

Financial Guaranty is a wholly owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a wholly owned subsidiary of General Electric Capital Corporation ("GECC"). Neither the Corporation nor GECC is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is domiciled in the State of New York and is subject to regulation by the State of New York Insurance Department. As of September 30, 1993, the total capital and surplus of Financial Guaranty was approximately \$744,722,000. Copies of Financial Guaranty's financial statements, prepared on the basis of statutory accounting principles, and the Corporation's financial statements, prepared on the basis of generally accepted accounting principles, may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number (212) 312-3000) or to the New York State Insurance Department at 160 West Broadway, 18th Floor, New York, New York 10013, Attention: Property Companies Bureau (telephone number (212) 602-0389).

In addition, Financial Guaranty is currently licensed to write insurance in all fifty states and the District of Columbia.

The information relating to Financial Guaranty contained above has been furnished by such corporation. The financial information contained herein with respect to such corporation is unaudited but appears in reports or other materials filed with state insurance regulatory authorities and is subject to audit and review by such authorities. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

AMBAC Indemnity Corporation ("AMBAC Indemnity"). The Insurance Policy of AMBAC Indemnity obtained by an Insured Trust is noncancellable and will continue in force for so long as the Bonds described in the Insurance Policy are held by an Insured Trust. A monthly premium is paid by an Insured Trust for the Insurance Policy obtained by it. The Trustee will pay, when due, successively, the full amount of each installment of the insurance premium. Pursuant to a binding agreement with AMBAC Indemnity, in the event of a sale of a Bond covered by the AMBAC Indemnity Insurance Policy, the Trustee has the right to obtain permanent insurance for such Bond upon payment of a single predetermined premium from the proceeds of the sale of such Bond.

Under the terms of the Insurance Policy, AMBAC Indemnity agrees to pay to the Trustee that portion of the principal of and interest on the Bonds insured by AMBAC Indemnity which shall become due for payment but shall be unpaid by reason of nonpayment by the issuer of the Bonds. The term "due for payment" means, when referring to the principal of a Bond so insured, its stated maturity date or the date on which it shall have been called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest.

AMBAC Indemnity will make payment to the Trustee not later than thirty days after notice from the Trustee is received by AMBAC Indemnity that a nonpayment of principal or of interest on a Bond has occurred, but not earlier than the date on which the Bonds are due for payment. AMBAC Indemnity will disburse to the Trustee the face amount of principal and interest which is then due for payment but is unpaid by reason of nonpayment by the issuer in exchange for delivery of Bonds, not less in face amount than the amount of the payment in bearer form, free and clear of all liens and encumbrances and uncanceled. In cases where Bonds are issuable only in a form whereby principal is payable to registered holders or their assigns, AMBAC Indemnity shall pay principal only upon presentation and surrender of the unpaid Bonds uncanceled

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and free of any adverse claim, together with an instrument of assignment in satisfactory form, so as to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity or its nominee. In cases where Bonds are issuable only in a form whereby interest is payable to registered holders or their assigns, AMBAC Indemnity shall pay interest only upon presentation of proof that the claimant is the person entitled to the payment of interest on the Bonds and delivery of an instrument of assignment, in satisfactory form, transferring to AMBAC Indemnity all right under such Bonds to receive the interest in respect of which the insurance payment was made.

AMBAC Indemnity is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in fifty states, the District of Columbia and the Commonwealth of Puerto Rico, with admitted assets of approximately \$1,936,000,000 (unaudited) and statutory capital of approximately \$1,096,000,000 (unaudited) as of September 30, 1993. Statutory capital consists of AMBAC Indemnity's policyholders' surplus and statutory contingency reserve. AMBAC Indemnity is a wholly owned subsidiary of AMBAC Inc., a 100% publicly-held company. Moody's Investors Service, Inc. and Standard & Poor's Corporation have both assigned a triple-A claims-paying ability rating to AMBAC Indemnity.

Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York 10004 and (212) 668-0340.

The information relating to AMBAC Indemnity contained above has been furnished by AMBAC Indemnity. No representation is made herein

as to the accuracy or adequacy of such information, or as to the existence of any adverse changes in such information, subsequent to the date hereof.

In determining whether to insure bonds, Financial Guaranty and/or AMBAC Indemnity has applied its own standards which are not necessarily the same as the criteria used in regard to the selection of bonds by the Sponsor. This decision is made prior to the Date of Deposit, as bonds not covered by such insurance are not deposited in an Insured Trust, unless such bonds are Preinsured Bonds. The insurance obtained by an Insured Trust covers Bonds deposited in such Trust and physically delivered to the Trustee in the case of bearer bonds or registered in the name of the Trustee or its nominee or delivered along with an assignment in the case of registered bonds or registered in the name of the Trustee or its nominee in the case of Bonds held in book-entry form. Contracts to purchase Bonds are not covered by the insurance obtained by an Insured Trust although Bonds underlying such contracts are covered by insurance upon physical delivery to the Trustee.

Insurance obtained by each Insured Trust or by the Bond issuer, the underwriters, the Sponsor or others does not guarantee the market value of the Bonds or the value of the Units of such Trust. The insurance obtained by an Insured Trust is effective only as to Bonds owned by and held in such Trust. In the event of a sale of any such Bond by the Trustee, the insurance terminates as to such Bond on the date of sale. In the event of a sale of a Bond insured by an Insured Trust, the Trustee has the right to obtain Permanent Insurance upon the payment of an insurance premium from the proceeds of the sale of such Bond. Except as indicated below, insurance obtained by an Insured Trust has no effect on the price or redemption value of Units. It is the present intention of the Evaluator to attribute a value to such insurance obtained by an Insured Trust (including the right to obtain Permanent Insurance) for the purpose of computing the price or redemption value of Units only if the Bonds covered by such insurance are in default in payment of principal or interest or, in the Sponsor's opinion, in significant risk of such default. The value of the insurance will be equal to the difference between (i) the market value of a Bond which is in default in payment of principal or interest or in significant risk of such default assuming the exercise of the right to obtain Permanent Insurance (less the insurance premium attributable to the purchase of Permanent Insurance) and (ii) the market value of such Bonds not covered by Permanent Insurance. See "Public Offering-How is the Public Offering Price Determined?" herein for a more complete description of the Evaluator's method of valuing defaulted Bonds and Bonds which have a significant risk of default. Insurance on a Preinsured Bond is effective as long as such Bond

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is outstanding. Therefore, any such insurance may be considered to represent an element of market value in regard to the Bonds thus insured, but the exact effect, if any, of this insurance on such market value cannot be predicted.

A contract of insurance obtained by an Insured Trust and the negotiations in respect thereof represent the only relationship between Financial Guaranty and/or AMBAC Indemnity and the Fund. Otherwise neither Financial Guaranty nor its parent, FGIC Corporation, or any affiliate thereof, nor AMBAC Indemnity nor its parent, AMBAC, Inc., or any affiliate thereof has any significant relationship, direct or indirect, with the Fund or the Sponsor, except that the Sponsor has in the past and may from time to time in the future, in the normal course of its business, participate as sole underwriter or as manager or as a member of underwriting syndicates in the distribution of new issues of municipal bonds in which the investors or the affiliates of FGIC Corporation and/or AMBAC Inc. have or will be participants or for which a policy of insurance guaranteeing the scheduled payment of interest and principal has been obtained from Financial Guaranty and/or AMBAC Indemnity. Neither the Fund nor the Units of a Trust nor the portfolio of such Trust is insured directly or indirectly by FGIC Corporation and/or AMBAC Inc.

Municipal Bond Investors Assurance Corporation. Municipal Bond Investors Assurance Corporation ("MBIA Corporation" or "MBIA") is the principal operating subsidiary of MBIA, Inc., a New York Stock Exchange listed company. MBIA, Inc. is not obligated to pay the debts of or claims against MBIA Corporation. MBIA Corporation is a limited liability corporation rather than a several liability association. MBIA Corporation is domiciled in the State of New York and licensed to do business in all fifty states, the District of Columbia and the Commonwealth of Puerto Rico.

As of December 31, 1992, MBIA had admitted assets of \$2.6 billion (audited), total liabilities of \$1.7 billion (audited), and total capital and surplus of \$896 million (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 1993, MBIA had admitted assets of \$3.0 billion (unaudited), total liabilities of \$2.0 billion (unaudited), and total capital and surplus of \$951 million (unaudited), determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authority. Copies of MBIA's financial statements prepared in accordance with statutory accounting practices are available from MBIA . The address of MBIA is 113 King Street, Armonk, New York 10504.

Effective December 31, 1989, MBIA Inc. acquired Bond Investors Group, Inc. On January 5, 1990, MBIA acquired all of the outstanding stock of Bond Investors Group, Inc., the parent of Bond Investors Guaranty Insurance Company (BIG), now known as MBIA Insurance Corp. of Illinois. Through a reinsurance agreement, BIG has ceded all of its net insured risks, as well as its unearned premium and contingency reserves, to MBIA and MBIA has reinsured BIG's net outstanding exposure.

Moody's Investors Service rates all bond issues insured by MBIA "Aaa" and short-term loans "MIG 1," both designated to be of the highest quality. Standard & Poor's Corporation rates all new issues insured by MBIA "AAA."

Capital Guaranty Insurance Company. Capital Guaranty Insurance Company ("Capital Guaranty") was incorporated in Maryland on June 25, 1986, and is a wholly-owned subsidiary of Capital Guaranty Corporation, a Maryland insurance holding company.

Capital Guaranty Corporation is owned by the following investors: Constellation Investments, Inc., an affiliate of Baltimore Gas and Electric; Fleet/Norstar Financial Group, Inc.; Safeco Corporation; Sibag Finance Corporation, an affiliate of Siemens A.G.; and United States Fidelity and Guaranty Company and management.

Capital Guaranty, headquartered in San Francisco, is a monoline financial guaranty insurer engaged in the underwriting and development of financial guaranty insurance. Capital Guaranty insures general obligation, tax supported and revenue bonds structured as tax-exempt and taxable securities as well as selectively insures taxable corporate/asset backed securities. Standard & Poor's Corporation rates the claims paying ability of Capital Guaranty "AAA."

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Capital Guaranty's insured portfolio currently includes over \$9 billion in total principal and interest insured. As of September 30, 1992, the total policyholders' surplus of Capital Guaranty was approximately \$113,000,000 (unaudited), and the total admitted assets were approximately \$220,000,000 (unaudited) as reported to the Insurance Department of the State of Maryland. Financial statements for Capital Guaranty Insurance Company, that have been prepared in accordance with statutory insurance accounting standards, are available upon request. The address of Capital Guaranty's headquarters and its telephone number are Steuart Tower, 22nd Floor, One Market Plaza, San Francisco, CA 94105-1413 and (415) 995-8000.

CapMAC. CapMAC is a New York-domiciled monoline stock insurance company which engages only in the business of financial guarantee and surety insurance. CapMAC is licensed in 49 states in addition to the District of Columbia, the Commonwealth of Puerto Rico and the territory of Guam. CapMAC insures structured asset-backed, corporate and other financial obligations in the domestic and foreign capital markets. CapMAC may also provide financial guarantee reinsurance for structured asset-backed, corporate and municipal obligations written by other major insurance companies.

CapMAC's claims-paying ability is rated "Aaa" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by Standard & Poor's Corporation ("Standard & Poor's"), and "AAA" by Duff & Phelps, Inc. ("Duff & Phelps"). Such ratings reflect only the views of the respective rating agencies, are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by such rating agencies.

CapMAC is wholly owned by CapMAC Holdings Inc. ("Holdings"), a company that is owned by a group of institutional and other investors, including CapMAC's management and employees. CapMAC commenced operations on December 24, 1987 as an indirect, wholly-owned subsidiary

of Citibank (New York State), a wholly-owned subsidiary of Citicorp. On June 25, 1992, Citibank (New York State) sold CapMAC to Holdings (the "Sale").

Neither Holdings nor any of its stockholders is obligated to pay any claims under any surety bond issued by CapMAC or any debts of CapMAC or to make additional capital contributions.

CapMAC is regulated by the Superintendent of Insurance of the State of New York. In addition, CapMAC is subject to regulation by the insurance departments of the other jurisdictions in which it is licensed. CapMAC is subject to periodic regulatory examinations by the same regulatory authorities.

CapMAC is bound by insurance laws and regulations regarding capital transfers, limitations upon dividends, investment of assets, changes in control, transactions with affiliates and consolidations and acquisitions. The amount of exposure per risk that CapMAC may retain, after giving effect to reinsurance, collateral or other securities, is also regulated. Statutory and regulatory accounting practices may prescribe appropriate rates at which premiums are earned and the levels of reserves required. In addition, various insurance laws restrict the incurrence of debt, regulate permissible investments of reserves, capital and surplus, and govern the form of surety bonds.

CapMAC's obligations under the Surety Bond(s) may be reinsured. Such reinsurance does not relieve CapMAC of any of its obligations under the Surety Bond(s).

THE SURETY BONDS ARE NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In connection with the Sale, Holdings and CapMAC entered into an Ownership Policy Agreement (the "Ownership Policy Agreement"), which sets forth Holdings' intent with respect to its ownership and control of CapMAC and provides for certain policies and agreements with respect to Holdings' exercise of its control of CapMAC. In the Ownership Policy Agreement, Holdings has agreed that, during the term of the Ownership Policy Agreement, it will not and will not permit any stockholder of Holdings to enter into any transaction the result of which would be a change of control (as defined in the Ownership Policy Agreement) of CapMAC, unless the long-term debt obligations or claims-paying ability of the person which would control CapMAC after such transaction or its direct or indirect parent are rated in a high investment grade category, unless Holdings or CapMAC has confirmed that CapMAC's claims-paying ability rating by Moody's (the "Rating") in effect immediately prior to any such change of control will not be downgraded by Moody's upon

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such change of control or unless such change of control occurs as a result of a public offering of Holdings' capital stock.

In addition, the Ownership Policy Agreement includes agreements (i) not to change the "zero-loss" underwriting standards or policies and procedures of CapMAC in a manner that would materially and adversely affect the risk profile of CapMAC's book of business, (ii) that CapMAC will adhere to the aggregate leverage limitations and maintain capitalization levels considered by Moody's from time to time as consistent with maintaining CapMAC's Rating and (iii) that until CapMAC's statutory capital surplus and contingency reserve ("qualified statutory capital") equal \$250 million, CapMAC will maintain a specified amount of qualified statutory capital in excess of the amount of qualified statutory capital that CapMAC is required at such time to maintain under the aggregate leverage limitations set forth in Article 69 of the New York Insurance Law.

The Ownership Policy Agreement will terminate on the earlier of the date on which a change of control of CapMAC occurs and the date on which CapMAC and Holdings agree in writing to terminate the Ownership Policy Agreement; provided that, CapMAC or Holdings has confirmed that CapMAC's Rating in effect immediately prior to any such termination will not be downgraded upon such termination.

As of December 31, 1992 and 1991, CapMAC had statutory capital and surplus of approximately \$148 million and \$232 million, respectively, and had not incurred any debt obligations. On June 26, 1992, CapMAC made a special distribution (the "Distribution") to Holdings in connection with the Sale in an aggregate amount that caused the total of CapMAC's statutory capital and surplus to decline to



approximately \$150 million. Holdings applied substantially all of the proceeds of the Distribution to repay debt owed to Citicorp that was incurred in connection with the capitalization of CapMAC. As of June 30, 1992, CapMAC had statutory capital and surplus of approximately \$150 million and had not incurred any debt obligations. In addition, on December 31, 1992 CapMAC had a statutory contingency reserve of approximately \$15 million, which is also available to cover claims under surety bonds issued by CapMAC. Article 69 of the New York State Insurance Law requires that CapMAC establishes and maintains the contingency reserve.

In addition to its capital (including contingency reserve) and other reinsurance available to pay claims under its surety bonds, on June 25, 1992, CapMAC entered into a Stop Loss Reinsurance Agreement (the "Stop Loss Agreement") with Winterthur Swiss Insurance Company (the "Reinsurer"), which is rated AAA by Standard & Poor's and Aaa by Moody's, pursuant to which the Reinsurer will be required to pay any losses incurred by CapMAC during the term of the Stop Loss Agreement on the surety bonds covered under the Stop Loss Agreement in excess of a specified amount of losses incurred by CapMAC under such surety bonds (such specified amount initially being \$100 million and increasing annually by an amount equal to 66 2/3% of the increase in CapMAC's statutory capital and surplus) up to an aggregate limit payable under the Stop Loss Agreement of \$50 million. The Stop Loss Agreement has an initial term of seven years, is extendable for one-year periods and is subject to early termination upon the occurrence of certain events.

CapMAC also has available a \$100,000,000 standby corporate liquidity facility (the "Liquidity Facility") provided by a syndicate of banks rated A1+/P1 by Standard & Poor's and Moody's, respectively, having a term of 360 days. Under the Liquidity Facility CapMAC will be able, subject to satisfying certain conditions, to borrow funds from time to time in order to enable it to fund any claim payments or payments made in settlement or mitigation of claims payments under its surety bonds, including the Surety Bond(s).

Copies of CapMAC's financial statements prepared in accordance with statutory accounting standards, which differ from generally accepted accounting principles, and filed with the Insurance Department of the State of New York are available upon request. CapMAC is located at 885 Third Avenue, New York, New York 10022, and its telephone number is (212) 755-1155.

Financial Security Assurance. Financial Security Assurance ("Financial Security") is a monoline insurance company incorporated on March 16, 1984 under the laws of the State of New York. The operations of Financial Security commenced on July 25, 1985, and Financial Security received its New York State insurance license on September 23, 1985. Financial Security and its two wholly owned subsidiaries are licensed to

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engage in the financial guaranty insurance business in 49 states, the District of Columbia and Puerto Rico.

Financial Security and its subsidiaries are engaged exclusively in the business of writing financial guaranty insurance, principally in respect of asset-backed and other collateralized securities offered in domestic and foreign markets. Financial Security and its subsidiaries also write financial guaranty insurance in respect of municipal and other obligations and reinsure financial guaranty insurance policies written by other leading insurance companies. In general, financial guaranty insurance consists of the issuance of a guaranty of scheduled payments of an issuer's securities, thereby enhancing the credit rating of those securities, in consideration for payment of a premium to the insurer.

Financial Security is approximately 91.6% owned by US West, Inc. and 8.4% owned by The Tokio Marine and Fire Insurance Co., Ltd. ("Tokio Marine"). US West, Inc. operates businesses involved in communications, data solutions, marketing services and capital assets, including the provision of telephone services in 14 states in the western and mid-western United States. Tokio Marine is the largest property and casualty insurance company in Japan. No shareholder of Financial Security is obligated to pay any debt of Financial Security or any claim under any insurance policy issued by Financial Security or to make any additional contribution to the capital of Financial Security.

As of March 31, 1993, the total policyholders' surplus and contingency reserves and the total unearned premium reserve, respectively, of Financial Security and its consolidated subsidiaries were,

in accordance with statutory accounting principles, approximately \$479,110,000 (unaudited) and \$220,078,000 (unaudited), and the total shareholders' equity and the unearned premium reserve, respectively, of Financial Security and its consolidated subsidiaries were, in accordance with generally accepted accounting principles, approximately \$628,119,000 (unaudited), and \$202,493,000 (unaudited). Copies of Financial Security's financial statements may be obtained by writing to Financial Security at 350 Park Avenue, New York, New York, 10022, Attention Communications Department. Financial Security's telephone number is (212) 826-0100.

Pursuant to an intercompany agreement, liabilities on financial guaranty insurance written by Financial Security or either of its subsidiaries are reinsured among such companies on an agreed-upon percentage substantially proportional to their respective capital, surplus and reserves, subject to applicable statutory risk limitations. In addition, Financial Security reinsures a portion of its liabilities under certain of its financial guaranty insurance policies with unaffiliated reinsurers under various quota share treaties and on a transaction-by-transaction basis. Such reinsurance is utilized by Financial Security as a risk management device and to comply with certain statutory and rating agency requirements; it does not alter or limit Financial Security's obligations under any financial guaranty insurance policy.

Financial Security's claims-paying ability is rated "Aaa" by Moody's Investors Service, Inc, and "AAA" by Standard & Poor's Corporation, Nippon Investors Service Inc., Duff & Phelps Inc. and Australian Ratings Pty. Ltd. Such ratings reflect only the views of the respective rating agencies, are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by such rating agencies.

Because the Bonds in each Insured Trust are insured as to the scheduled payment of principal and interest and on the basis of the financial condition of the insurance companies referred to above, Standard & Poor's Corporation has assigned to units of each Insured Trust its "AAA" investment rating. This is the highest rating assigned to securities by Standard & Poor's Corporation. See "Description of Bond Ratings." The obtaining of this rating by each Insured Trust should not be construed as an approval of the offering of the Units by Standard & Poor's Corporation or as a guarantee of the market value of each Insured Trust or the Units of such Trust. Standard & Poor's Corporation has indicated that this rating is not a recommendation to buy, hold or sell Units nor does it take into account the extent to which expenses of each Trust or sales by each Trust of Bonds for less than the purchase price paid by such Trust will reduce payment to Unit holders of the interest and principal required to be paid on such Bonds. There is no guarantee that the "AAA" investment rating with respect to the Units of an Insured Trust will be maintained.

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An objective of portfolio insurance obtained by such Insured Trust is to obtain a higher yield on the Bonds in the portfolio of such Trust than would be available if all the Bonds in such portfolio had the Standard & Poor's Corporation "AAA" and/or Moody's Investors Service, Inc. "Aaa" rating(s) and at the same time to have the protection of insurance of scheduled payment of interest and principal on the Bonds. There is, of course, no certainty that this result will be achieved. Bonds in a Trust for which insurance has been obtained by the Bond issuer, the underwriters, the Sponsor or others (all of which were rated "AAA" by Standard & Poor's Corporation and/or "Aaa" by Moody's Investors Service, Inc.) may or may not have a higher yield than uninsured bonds rated "AAA" by Standard & Poor's Corporation or "Aaa" by Moody's Investors Service, Inc. In selecting Bonds for the portfolio of each Insured Trust, the Sponsor has applied the criteria herein before described.

Chapman and Cutler, Counsel for the Sponsor, has given an opinion (if applicable) to the effect that the payment of insurance proceeds representing maturing interest on defaulted municipal obligations paid by Financial Guaranty or another insurer would be excludable from Federal gross income if, and to the same extent as, such interest would have been so excludable if paid by the issuer of the defaulted obligations. See "What is the Federal Tax Status of Unit Holders?"

What is the Federal Tax Status of Unit Holders?

At the respective times of issuance of the Bonds, opinions relating to the validity thereof and to the exclusion of interest thereon from Federal gross income were rendered by bond counsel to the respective issuing authorities. Neither the Sponsor, Chapman and

Cutler, nor any of the Special Counsel to the Fund for State tax matters have made any special review for the Fund of the proceedings relating to the issuance of the Bonds or of the bases for such opinions. Gain realized on the sale or redemption of the Bonds by the Trustee or of a Unit by a Unit holder is, however, includable in gross income for Federal income tax purposes. (It should be noted in this connection that such gain does not include any amounts received in respect of accrued interest or accrued original issue discount, if any.) It should be noted that under recently enacted legislation described below that subjects accretion of market discount on tax-exempt bonds to taxation as ordinary income, gain realized on the sale or redemption of Bonds by the Trustee or of Units by a Unit holder that would have been treated as capital gain under prior law is treated as ordinary income to the extent it is attributable to accretion of market discount. Market discount can arise based on the price a Trust pays for Bonds or the price a Unit holder pays for his Units.

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

(1) the Trusts are not associations taxable as corporations for Federal income tax purposes. Tax-exempt interest received by each of the Trusts on Bonds deposited therein will retain its status as tax-exempt interest, for Federal income tax purposes, when distributed to a Unit holder except that the alternative minimum tax and the environmental tax (the "Superfund Tax") applicable to corporate Unit holders may, in certain circumstances, include in the amount on which such tax is calculated, 75% of the interest income received by the Trust. See "Certain Tax Matters Applicable to Corporate Unit Holders;"

(2) exemption of interest and accrued original issue discount on any Bonds for Federal income tax purposes does not necessarily result in tax exemption under the laws of the several states as such laws vary with respect to the taxation of such securities and in many states all or a part of such interest and accrued original issue discount may be subject to tax;

(3) each Unit holder of a Trust is considered to be the owner of a pro rata portion of such Trust under subpart E, subchapter J of chapter 1 of the Internal Revenue Code of 1986 (hereinafter the "Code") and will have a taxable event when the Trust disposes of a Bond, or when the Unit holder redeems or sells his Units. Unit holders must reduce the tax basis of their Units for their share of accrued interest received, if any, on Bonds delivered after the date the Unit holders pay for their Units and, consequently, such Unit holders may have an increase in taxable gain or reduction in capital loss upon the disposition of such Units. Gain or loss upon the sale or redemption of Units is measured by comparing the proceeds of such sale or redemption with the adjusted basis of the Units. If the Trustee disposes

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of Bonds (whether by sale, payment on maturity, redemption or otherwise), gain or loss is recognized to the Unit holder. The amount of any such gain or loss is measured by comparing the Unit holder's pro rata share of the total proceeds from such disposition with his basis for his fractional interest in the asset disposed of. In the case of a Unit holder who purchases his Units, such basis is determined by apportioning the tax basis for the Units among each of the Trust assets ratably according to value as of the date of acquisition of the Units. The basis of each Unit and of each Bond which was issued with original issue discount must be increased by the amount of accrued original issue discount and the basis of each Unit and of each Bond which was purchased by a Trust at a premium must be reduced by the annual amortization of Bond premium. The tax cost reduction requirements of said Code relating to amortization of bond premium may, under some circumstances, result in the Unit holder realizing a taxable gain when his Units are sold or redeemed for an amount equal to or less than his original cost; and

(4) any insurance proceeds which represent maturing interest on defaulted obligations held by the Trustee will be excludable from Federal gross income if, and to the same extent as, such interest would have been so excludable if paid by the issuer of the defaulted obligations.

Sections 1288 and 1272 of the Code provide a complex set of rules governing the accrual of original issue discount. These rules provide that original issue discount accrues either on the basis of a constant compounded interest rate or ratably over the term

of the Bond, depending on the date the Bond was issued. In addition, special rules apply if the purchase price of a Bond exceeds the original issue price plus the amount of original issue discount which would have accrued to prior owners. The application of these rules will also vary depending on the value of the Bond on the date a Unit holder acquires his Unit, and the price the Unit holder pays for his Unit. Because of the complexity of these rules relating to the accrual of original issue discount, Unit holders should consult their tax advisers as to how these rules apply. See "Portfolio" for information relating to Bonds, if any, issued at an original issue discount.

The Revenue Reconciliation Act of 1993 (the "Tax Act") was recently enacted. The Tax Act subjects tax-exempt bonds to the market discount rules of the Code effective for bonds purchased after April 30, 1993. In general, market discount is the amount (if any) by which the stated redemption price at maturity exceeds an investor's purchase price (except to the extent that such difference, if any, is attributable to original issue discount not yet accrued). Under the Tax Act, accretion of market discount is taxable as ordinary income; under prior law the accretion had been treated as capital gain. Market discount that accretes while a Trust holds a Bond would be recognized as ordinary income by the Unit holders when principal payments are received on the Bond, upon sale or at redemption (including early redemption) or upon the sale or redemption of the Units, unless a Unit holder elects to include market discount in taxable income as it accrues. The market discount rules are complex and Unit holders should consult their tax advisers regarding these rules and their application.

Counsel for the Sponsor has also advised that under Section 265 of the Code, interest on indebtedness incurred or continued to purchase or carry Units of a Trust is not deductible for Federal income tax purposes. The Internal Revenue Service has taken the position that such indebtedness need not be directly traceable to the purchase or carrying of Units (however, these rules generally do not apply to interest paid on indebtedness incurred to purchase or improve a personal residence). Under Section 265 of the Code, certain financial institutions that acquire Units generally would not be able to deduct any of the interest expense attributable to ownership of Units. Investors with questions regarding these issues should consult with their tax advisers.

In the case of certain of the Bonds in a Trust, the opinions of bond counsel indicate that interest on such securities received by a "substantial user" of the facilities being financed with the proceeds of these securities, or persons related thereto, for periods while such securities are held by such a user or related person, will not be excludable from Federal gross income, although interest on such securities received by others would be excludable from Federal gross income. "Substantial user" and "related person" are defined under U.S.

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Treasury Regulations. Any person who believes he or she may be a substantial user or related person as so defined should contact his tax adviser.

In general, Section 86 of the Code provides that Social Security benefits are includible in gross income in an amount equal to the lesser of (1) 50% of the Social Security benefits received or (2) 50% of the excess of "modified adjusted gross income" plus 50% of the Social Security benefits received over the appropriate "base amount." The base amount is \$25,000 for unmarried taxpayers, \$32,000 for married taxpayers filing a joint return and zero for married taxpayers who do not live apart at all times during the taxable year and who file separate returns. Modified adjusted gross income is adjusted gross income determined without regard to certain otherwise allowable deductions and exclusions from gross income and by including tax-exempt interest. To the extent that Social Security benefits are includible in gross income, they will be treated as any other item of gross income.

In addition, under the Tax Act, for taxable years beginning after December 31, 1993, up to 85% of Social Security benefits are includible in gross income to the extent that the sum of "modified adjusted gross income" plus 50% of Social Security benefits received exceeds an "adjusted base amount." The adjusted base amount is \$34,000 for unmarried taxpayers, \$44,000 for married taxpayers filing a joint return, and zero for married taxpayers who do not live apart at all times during the taxable year and who file separate returns.

Although tax-exempt interest is included in modified adjusted gross income solely for the purpose of determining what portion, if any, of Social Security benefits will be included in gross income, no tax-exempt interest, including that received from a Trust, will be subject to tax. A taxpayer whose adjusted gross income already exceeds the base amount must include 50% of his Social Security benefits in gross income whether or not he receives any tax-exempt interest. A taxpayer whose modified adjusted gross income (after inclusion of tax-exempt interest) does not exceed the base amount need not include any Social Security benefits in gross income.

For purposes of computing the alternative minimum tax for individuals and corporations and the Superfund Tax for corporations, interest on certain private activity bonds (which includes most industrial and housing revenue bonds) issued on or after August 8, 1986 is included as an item of tax preference. THE TRUSTS DO NOT INCLUDE ANY SUCH PRIVATE ACTIVITY BONDS ISSUED ON OR AFTER THAT DATE.

For taxpayers other than corporations, net capital gains are presently subject to a maximum stated marginal tax rate of 28 percent. However, it should be noted that legislative proposals are introduced from time to time that affect tax rates and could affect relative differences at which ordinary income and capital gains are taxed. All taxpayers are presently required to disclose to the Internal Revenue Service the amount of tax-exempt interest earned during the year.

Certain Tax Matters Applicable to Corporate Unit Holders. Present Federal income tax law also provides for an alternative minimum tax for corporations levied at a rate of 20% of alternative minimum taxable income. The alternative minimum tax and the environmental tax (the "Superfund Tax") depend upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing AMTI of a corporation (excluding an S Corporation, Regulated Investment Company, Real Estate Investment Trust, or REMIC) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). Although tax-exempt interest received by the Trusts on Bonds deposited therein will not be included in the gross income of corporations for Federal income tax purposes, "adjusted current earnings" includes all tax-exempt interest, including interest on all Bonds in the Trusts.

Unit holders are urged to consult their own tax advisers with respect to the particular tax consequences to them, including the corporate alternative minimum tax, the Superfund Tax and the branch profits tax imposed by Section 884 of the Code.

In the opinion of Carter, Ledyard & Milburn, Special Counsel to the Fund for New York tax matters, under the existing income tax laws of the State and City of New York, each Trust will not constitute an association taxable as a corporation under New York law, and accordingly will not be subject to the New York State franchise

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tax or the New York City general corporation tax. Under the income tax laws of the State and City of New York, the income of each Trust will be considered the income of the holders of the Units.

For information with respect to exemption from state or other local taxes, see the sections in the Prospectus pertaining to each Trust.

All statements in the Prospectus concerning exemption from Federal, state or other local taxes are the opinions of Counsel and are to be so construed.

What are the Expenses and Charges?

At no cost to the Trusts, the Sponsor has borne all the expenses of creating and establishing the Fund, 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 each Trust on January 1 of each year except for Trusts which were established subsequent to the last January 1, in which case

the fee will be based on the number of Units outstanding in such Trusts as of the respective Dates of Deposit. The fee may exceed the actual costs of providing such supervisory services for this Fund, 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.

For each valuation of the Bonds in a Trust after the initial public offering period, the Evaluator will receive a fee as indicated in the "Summary of Essential Information." The Trustee pays certain expenses of the Trusts for which it is reimbursed by the Trust or Trusts. After the first year the Trustee will receive for its ordinary recurring services to a Trust a fee as indicated in the "Special Trust Information" for each Trust. During the first year the Trustee has agreed to lower its fee and, to the extent necessary, pay expenses of the Trust in the amount, if any, stated under "Special Trust Information" for each Trust. 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." Bankers Trust Company issued the irrevocable letter of credit for the Fund and provides a line of credit which the Sponsor may utilize to acquire securities (which may include certain of the Bonds deposited in the Fund). The Trustee's and Evaluator's fees are payable monthly on or before each Distribution Date from the Interest Account of each Trust to the extent funds are available and then from the Principal Account of such Trust. Since the Trustee has the use of the funds being held in the Principal and Interest Accounts for future distributions, payment of expenses and redemptions and since such Accounts are non-interest-bearing to Unit holders, the Trustee benefits thereby. Part of the Trustee's compensation for its services to the Fund 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 aggregate cost of the portfolio insurance obtained by an Insured Trust is indicated in Note 1 of "Notes to Portfolios." The portfolio insurance continues so long as such Trust retains the Bonds thus insured. Premiums are payable monthly in advance by the Trustee on behalf of such Trust. The Trustee will advance the initial premium for the portfolio insurance obtained by an Insured Trust and will recover its advancement without interest or other costs to such Trust from interest received on Bonds in such Trust. As Bonds in the portfolio are redeemed by their respective issuers or are sold by the Trustee, the amount of premium will be reduced in respect of those Bonds no longer owned by and held in the Trust which were insured by insurance obtained by such Trust. Preinsured Bonds in an Insured Trust are not insured by such Trust. The premium payable for Permanent Insurance will be paid solely from the proceeds of the sale of such Bond in the event the Trustee exercises the right to obtain Permanent Insurance on a Bond. The premiums

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for such Permanent Insurance with respect to each Bond will decline over the life of the Bond. An Advantage Trust is not insured; accordingly, there are no premiums for insurance payable by such Trust.

The following additional charges are or may be incurred by a Trust: all expenses (including legal and annual auditing expenses) of the Trustee incurred by or in connection with its responsibilities under the Indenture, except in the event of negligence, bad faith or willful misconduct on its part; 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 gross negligence, bad faith or willful misconduct in acting as Depositor of the Trust; all taxes and other government charges imposed upon the Bonds or any part of the Trust (no such taxes or charges are being levied or made or, to the knowledge of the Sponsor contemplated); and expenditures incurred in contacting Unit holders upon termination of the Trust. 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 Bonds of

a Trust in order to make funds available to pay all these amounts if funds are not otherwise available in the Interest and Principal Accounts of the Trust.

Unless the Sponsor determines that such an audit is not required, the Indenture requires the accounts of each Trust shall 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 Units, the Sponsor shall bear the cost of such annual audits to the extent such cost exceeds \$.50 per Unit. Unit holders of a Trust covered by an audit may obtain a copy of the audited financial statements from the Trustee upon request.

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 determined by adding to the Evaluator's determination of the aggregate offering price of the Bonds in each Trust, the amount of Purchased Interest for each Trust and an amount as indicated in the following table. During the initial offering period, the Sponsor's Repurchase Price is equal to the Evaluator's determination of the aggregate offering price of the Bonds in a Trust, including the amount of Purchased Interest for each Trust. A National Trust consists of The First Trust of Insured Municipal Bonds. A State Trust consists of The First Trust of Insured Municipal Bonds-Multi-State and/or The First Trust Advantage other than an Intermediate, Long Intermediate, Short Intermediate or Discount Trust. An Intermediate, Long Intermediate, Short Intermediate or Discount Trust consists of trusts so designated.

<TABLE>  
<CAPTION>

Series of the Fund	Initial Offering Period (1) Sales Charge	
	Percentage of Public Offering Price	Percentage of Net Amount Invested
<S>	<C>	<C>
National Trust and a Georgia Trust	4.9%	5.152%
Other State Trusts	5.5	5.820
Intermediate Trust	3.9	4.058

</TABLE>

[FN]

(1) In addition to the Purchased Interest included therein, the Public Offering Price includes a proportionate share of other interest accrued but unpaid on the Bonds after the First Settlement Date to the date of settlement. See "The First Trust Combined Series-How are Purchased Interest and Accrued Interest Treated?"

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The applicable sales charge is reduced by a discount as indicated below for volume purchases:

<TABLE>  
<CAPTION>

Discount per Unit			
Dollar Amount of Transaction at Public Offering Price	Intermediate, Long Intermediate and Short Intermediate Trusts	National and State Trusts	Discount Trusts (% of Public Offering Price)
<S>	<C>	<C>	<C>
\$250,000 to \$499,999	\$ 2.50	-	-
\$500,000 to \$999,999	\$ 5.00	\$ 7.50	.75%
\$1,000,000 or more	\$10.00	\$15.00	1.50%

</TABLE>

The Public Offering Price of Units of a Trust for secondary market

purchases will be determined by adding to the Evaluator's determination of the aggregate bid price of the Bonds in a Trust, and the amount of Purchased Interest of a Trust, the appropriate sales charge determined in accordance with the schedule set forth below, based upon the number of years remaining to the maturity of each Bond in the portfolio of the Trust, adjusting the total to reflect the amount of any cash held in or advanced to the principal account of the Trust and dividing the result by the number of Units of such trust then outstanding. The minimum sales charge on Units will be 3% of the Public Offering Price (equivalent to 3.093% of the net amount invested). For purposes of computation, Bonds will be deemed to mature on their expressed maturity dates unless: (a) the Bonds have been called for redemption or funds or securities have been placed in escrow to redeem them on an earlier call date, in which case such call date will be deemed to be the date upon which they mature; or (b) such Bonds are subject to a "mandatory tender," in which case such mandatory tender will be deemed to be the date upon which they mature.

The effect of this method of sales charge computation will be that different sales charge rates will be applied to each of the various Bonds in the Trust based upon the maturities of such bonds, in accordance with the following schedule:

<TABLE>  
<CAPTION>

Years to Maturity	Secondary Offering Period Sales Charge	
	Percentage of Public Offering Price	Percentage of Net Amount Invested
<S>	<C>	<C>
0 Months to 1 Year	1.00%	1.010%
1 but less than 2	1.50	1.523
2 but less than 3	2.00	2.041
3 but less than 4	2.50	2.564
4 but less than 5	3.00	3.093
5 but less than 6	3.50	3.627
6 but less than 7	4.00	4.167
7 but less than 8	4.50	4.712
8 but less than 9	5.00	5.263
9 but less than 10	5.50	5.820
10 or more	5.80	6.157

</TABLE>

There will be no reduction of the sales charges for volume purchases for secondary market transactions. A dealer will receive from the Sponsor a dealer concession of 70% of the total sales charges for Units sold by such dealer and dealers will not be eligible for additional concessions for Units sold pursuant to the above schedule.

An investor may aggregate purchases of Units of two or more consecutive series of a particular State, National, Discount, Intermediate, Long Intermediate or Short Intermediate Trust for purposes of calculating the discount for volume purchases listed above. Additionally, with respect to the employees and officers (including their immediate families and trustees, custodians or a fiduciary for the benefit of such person) of Nike

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Securities L.P., the sales charge is reduced by 2% of the Public Offering Price for purchases of Units during the initial and secondary offering periods.

Any such reduced sales charge shall be the responsibility of the selling Underwriter or dealer except that with respect to purchases of Units of \$500,000 or more, the Sponsor will reimburse the selling Underwriter or dealer in an amount equal to \$2.50 per Unit (in the case of a Discount Trust, .25% of the Public Offering Price). The reduced sales charge structure will apply on all purchases of Units in a Trust by the same person on any one day from any one Underwriter or dealer and, for purposes of calculating the applicable sales charge, purchases of Units in the Fund will be aggregated with concurrent purchases by the same person from such Underwriter or dealer of units in any series of tax-exempt unit investment trusts sponsored by Nike Securities L.P. Additionally, Units purchased in the name of the spouse of a purchaser or in



the name of a child of such purchaser will be deemed, for the purpose 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.

On the Date of Deposit, the Public Offering Price is as indicated in the "Summary of Essential Information" for each Trust. In addition to fluctuations in the amount of interest accrued but unpaid on Bonds in each Trust of the Fund, the Public Offering Price at any time during the initial offering period will vary from the Public Offering Price stated herein in accordance with fluctuations in the prices of the underlying Bonds.

The aggregate price of the Bonds in each Trust is determined by whomever from time to time is acting as evaluator (the "Evaluator"), on the basis of bid prices or offering prices as is appropriate, (1) on the basis of current market prices for the Bonds obtained from dealers or brokers who customarily deal in bonds comparable to those held by the Trust; (2) if such prices are not available for any of the Bonds, on the basis of current market prices for comparable bonds; (3) by determining the value of the Bonds by appraisal; or (4) by any combination of the above. Unless Bonds are in default in payment of principal or interest or, in the Sponsor's opinion, in significant risk of such default, the Evaluator will not attribute any value to the insurance obtained by an Insured Trust. On the other hand, the value of insurance obtained by the issuer of Bonds in a Trust is reflected and included in the market value of such Bonds.

The Evaluator will consider in its evaluation of Bonds which are in default in payment of principal or interest or, in the Sponsor's opinion, in significant risk of such default (the "Defaulted Bonds") and which are covered by insurance obtained by an Insured Trust, the value of the insurance guaranteeing interest and principal payments. The value of the insurance will be equal to the difference between (i) the market value of Defaulted Bonds assuming the exercise of the right to obtain Permanent Insurance (less the insurance premium attributable to the purchase of Permanent Insurance) and (ii) the market value of such Defaulted Bonds not covered by Permanent Insurance. In addition, the Evaluator will consider the ability of Financial Guaranty and/or AMBAC Indemnity to meet its commitments under the Insured Trust's insurance policy, including the commitments to issue Permanent Insurance. It is the position of the Sponsor that this is a fair method of valuing the Bonds and the insurance obtained by an Insured Trust and reflects a proper valuation method in accordance with the provisions of the Investment Company Act of 1940.

No value has been attributed to insurance obtained by an Insured Trust as of the date of this Prospectus. However, the Evaluator is attributing value to insurance for the purpose of computing the price or redemption value of Units for certain previous series of The First Trust of Insured Municipal Bonds.

During the initial public offering period, a determination of the aggregate price of the Bonds in a Trust is made by the Evaluator on an offering price basis, as of the close of trading on the New York Stock Exchange on each day on which it is open, effective for all sales made subsequent to the last preceding determination. For purposes of such determinations, the close of trading on the New York Stock Exchange is 4:00 p.m. Eastern time. For secondary market purposes, the Evaluator will be requested to make such a determination, on a bid price basis, as of the close of trading on the New York Stock Exchange on each day on which it is open, effective for all sales, purchases or redemptions made subsequent to the last preceding determination.

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The Public Offering Price of the Units during the initial offering period is equal to the offering price per Unit of the Bonds in a Trust and the amount of Purchased Interest per Unit of the Bonds plus the applicable sales charge. After the completion of the initial offering period, the secondary market Public Offering Price will be equal to the bid price per Unit of the Bonds in the Trust and the amount of Purchased Interest per Unit plus the applicable sales charge. The offering price of Bonds in the Trust may be expected to be greater than the bid price of such Bonds by approximately 1-2% of the aggregate principal amount of such Bonds.

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?

Until the primary distribution of the Units offered by this Prospectus is completed, Units will be offered to the public at the Public Offering Price, computed as described above, by the Underwriters, including the Sponsor (see "Underwriting") and through dealers and others. 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 Fund 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 \$32 per Unit for a National Trust and a Georgia Trust, \$33 per Unit for other State Trusts, and, for secondary market sales, 4.0% of the Public Offering Price per Unit for each State or National Trust. However, resales of Units of a 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 are making Units of the Fund 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 Fund 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. Any broker/dealer or bank will receive additional concessions for purchases made from the Sponsor on the Date of Deposit resulting in total concessions as contained in the following table:

<TABLE>  
<CAPTION>

Total Concession per Unit(1)

Series of the Fund	Total Concession per Unit(1)		
	250-499 Units Purchased	500-999 Units Purchased	1,000 Units Purchased
<S>	<C>	<C>	<C>
National Trust and a Georgia Trust	\$35.00	\$37.00	\$38.00
Other State Trusts	\$35.00	\$37.00	\$38.00
Intermediate Trust	\$26.00	\$28.00	\$28.00

</TABLE>  
[FN]

(1) The applicable concession will be allotted to broker/dealers or banks who purchase Units from the Sponsor only on the Date of Deposit of a given Trust.

What are the Sponsor's Profits?

The Underwriters of each Trust, including the Sponsor, will receive a gross sales commission equal to 4.9% of the Public Offering Price of the Units for a National Trust and a Georgia Trust (equivalent to 5.152% of the net amount invested), 5.5% of the Public Offering Price of the Units of other State Trusts (equivalent to 5.820%

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 Underwriters and additional concessions available to Underwriters, dealers and others. In addition, the Sponsor and the other Underwriters of each Trust may be considered to have realized a profit or the Sponsor may be considered to have sustained a loss, as the case may be for each Trust, in the amount of any difference between the cost of the Bonds to each Trust (which is based on the Evaluator's determination of the aggregate offering price of the underlying Bonds of such Trust on the Date of Deposit) and the cost of such Bonds of such Trust to the Sponsor (including the cost of insurance obtained by the Sponsor prior to the Date of Deposit for individual Bonds). See "Underwriting" and Note 1 of "Notes to Portfolios." Such profits or losses may be realized or sustained by the Sponsor and the other Underwriters with respect to Bonds which were acquired by the Sponsor from underwriting syndicates of which it and the other Underwriters were members. During the initial offering period, the Underwriters also may realize profits or sustain losses from the sale of Units to other Underwriters or as a result of fluctuations after the Date of Deposit in the offering prices of the Bonds and hence in the Public Offering Price received by the Underwriters.

The Sponsor has not participated as sole underwriter or manager or member of underwriting syndicates from which any of the Bonds in the Fund were acquired. An underwriter or underwriting syndicate purchases bonds from the issuer on a negotiated or competitive bid basis as principal with the motive of marketing such bonds to investors at a profit.

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 (based on the bid prices of the Bonds in each Trust) and the price at which Units are resold (which price is also based on the bid prices of the Bonds in each Trust and includes a sales charge of 5.8% for a State Trust, 5.8% for a National or Discount Trust, 4.7% for an Intermediate or Long Intermediate Trust and 3.7% for a Short Intermediate Trust) 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 maintain a market for the Units and continuously to offer to purchase Units at prices, subject to change at any time, based upon the aggregate bid price of the Bonds in the portfolio of each Trust and the amount of Purchased Interest for each Trust plus interest accrued to the date of settlement. All expenses incurred in maintaining a secondary market, other than the fees of the Evaluator, the other expenses of the Trust 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. Prospectuses relating to certain other bond funds indicate an intention, subject to change, on the part of the respective sponsors of such funds to repurchase units of those funds on the basis of a price higher than the bid prices of the securities in the funds. Consequently, depending upon the prices actually paid, the repurchase price of other sponsors for units of their funds may be computed on a somewhat more favorable basis than the repurchase price offered by the Sponsor for Units of a Trust in secondary market transactions. As in this Fund, the purchase price per unit of such bond funds will depend primarily on the value of the securities in the portfolio of the fund.

#### RIGHTS OF UNIT HOLDERS

##### How are Certificates 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 is 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.

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 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 Interest and Principal Distributed?

Interest from each Trust after deduction of amounts sufficient to reimburse the Trustee, without interest, for any amounts advanced and paid to Financial Guaranty and/or AMBAC Indemnity or to the Sponsor as the Unit holder of record as of the First Settlement Date will be distributed on or shortly after the last day of each month on a pro rata basis to Unit holders of record as of the preceding Record Date. All distributions for a Trust will be net of applicable expenses for such Trust.

The pro rata share of cash in the Principal Account of each Trust will be computed as of the fifteenth day of each month, and distributions to the Unit holders of such Trust as of such Record Date will be made on or shortly after the last day of each month. Proceeds from the disposition of any of the Bonds of such Trust (less any premiums due with respect to Bonds for which the Trustee has exercised the right to obtain Permanent Insurance) received after such Record Date and prior to the following Distribution Date will be held in the Principal Account of such Trust and not distributed until the next Distribution Date. The Trustee is not required to make a distribution from the Principal Account of a Trust unless the amount available for distribution shall equal at least \$1.00 per Unit.

The Trustee will credit to the Interest Account of each Trust all interest received by such Trust, including that part of the proceeds (including insurance proceeds if any, paid to an Insured Trust) of any disposition of Bonds which represents accrued interest. Other receipts will be credited to the Principal Account of such Trust. The distribution to the Unit holders of a Trust as of each Record Date will be made on the following Distribution Date or shortly thereafter and shall consist of an amount substantially equal to such portion of the holder's pro rata share of the estimated annual income of such Trust after deducting estimated expenses. Except through an advancement of its own funds, the Trustee has no cash for distribution to Unit holders until it receives interest payments on the Bonds in a Trust. Interest account balances are established with generally positive cash balances so that it will not be necessary on a regular basis for the Trustee to advance its own funds in connection with interest distributions. The Trustee shall be reimbursed, without interest, for any advances from funds in the Interest Account of such Trust on the ensuing Record Date. Persons who purchase Units between a Record Date and a Distribution Date will receive their first distribution on the second Distribution Date after the purchase. The Trustee is not required to pay interest on funds held in the Principal or Interest Account of a Trust (but may itself earn interest thereon and therefore benefit from the use of such funds).

As of the fifteenth day of each month, the Trustee will deduct from the Interest Account of each Trust and, to the extent funds are not sufficient therein, from the Principal Account of each Trust, amounts necessary to pay the expenses of such Trust. The Trustee also may withdraw from said accounts such amounts, if any

as it deems necessary to establish a reserve for any governmental charges payable out of the Trust. Amounts so withdrawn shall not be considered a part of the Trust's assets until such time as the Trustee shall return all or any part of such amounts to the appropriate account. In addition, the Trustee may withdraw from the Interest Account and the Principal Account of a Trust such amounts as may be necessary to cover redemption of Units of such Trust by the Trustee.

#### How Can Distributions to Unit Holders be Reinvested?

**Universal Distribution Option.** Unit holders may elect participation in a Universal Distribution Option which permits a Unit holder to direct the Trustee to distribute principal and interest payments to any other investment vehicle of which the Unit holder has an existing account. For example, at a Unit holder's direction, the Trustee would distribute automatically on the applicable distribution date interest income, capital gains or principal on the participant's Units to, among other investment vehicles, a Unit holder's checking, bank savings, money market, insurance, reinvestment or any other account. All such distributions, of course, are subject to the minimum investment and sales charges, if any, of the particular investment vehicle to which distributions are directed. The Trustee will notify the participant of each distribution pursuant to the Universal Distribution Option. The Trustee will distribute directly to the Unit holder any distributions which are not accepted by the specified investment vehicle. A participant may at any time, by so notifying the Trustee in writing, elect to terminate his participation in the Universal Distribution Option and receive directly future distributions on his Units.

**Distribution Reinvestment Option.** The Sponsor has entered into an arrangement with First Trust Tax-Free Bond Fund (the "Tax-Free Bond Fund"), which permits any Unit holder of a Trust to elect to have each distribution of interest income or principal, including capital gains, on his Units automatically reinvested in shares of the Tax-Free Bond Fund. Oppenheimer Management Corporation is the investment adviser of the Tax-Free Bond Fund. The Tax-Free Bond Fund is an open-end, diversified management investment company which currently offers shares of two Series. The investment objective of First Trust Tax-Free Bond Fund-Income Series is to provide a high level of current interest income exempt from Federal income tax through the purchase of investment grade securities. The investment objective of First Trust Tax-Free Bond Fund-Insured Series is to provide as high a level of current interest income exempt from Federal income tax as is consistent with the assurance of the scheduled receipt of interest and principal through insurance and the preservation of capital (the income of either series may constitute an item of preference for determining the Federal alternative minimum tax). The objectives and policies of each Series of the Tax-Free Bond Fund are presented in more detail in the Tax-Free Bond Fund prospectus.

Each person who purchases Fund Units may use the card attached to this prospectus to request a prospectus describing the Tax-Free Bond Fund and a form by which such person may elect to become a participant in a Distribution Reinvestment Option with respect to the Tax-Free Bond Fund. Each distribution of interest income or principal, including capital gains, on the participant's Units will automatically be applied by the Trustee to purchase shares (or fractions thereof) of the Tax-Free Bond Fund without a sales charge and with no minimum investment requirements.

The shareholder service agent for the Tax-Free Bond Fund will mail to each participant in the Distribution Reinvestment Option confirmations of all transactions undertaken for such participant in connection with the receipt of distributions from The First Trust Combined Series and the purchase of shares (or fractions thereof) of the Tax-Free Bond Fund.

A participant may at any time, by so notifying the Trustee in writing, elect to terminate his participation in the Distribution Reinvestment Option and receive future distributions on his Units in cash. There will be no charge or other penalty for such termination. The Sponsor and the Tax-Free Bond Fund each have the right to terminate the Distribution Reinvestment Option, in whole or in part.

It should be remembered that even if distributions are reinvested through the Universal Distribution Option or the Distribution Reinvestment Option they are still treated as distributions for income tax purposes.

What Reports will Unit Holders Receive?

The Trustee shall furnish Unit holders of each Trust in connection with each distribution a statement of the amount of interest, 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 time after the last business day of each calendar year, the Trustee will furnish to each person who at any time during the calendar year was a Unit holder of a Trust of record, a statement as to (1) the Interest Account: interest received by such Trust (including amounts representing interest received upon any disposition of Bonds of such Trust), the amount of such interest representing insurance proceeds (if applicable), deductions for payment of applicable taxes and for fees and expenses of the Trust, redemption of Units and the balance remaining after such distributions and deductions, expressed both as a total dollar amount and as a dollar amount representing the pro rata share of each Unit outstanding on the last business day of such calendar year; (2) the Principal Account: the dates of disposition of any Bonds of such Trust and the net proceeds received therefrom (excluding any portion representing interest and the premium attributable to the exercise of the right, if applicable, to obtain Permanent Insurance), deduction for payment of applicable taxes and for fees and expenses of the Trust, redemptions of Units, and the balance remaining after such distributions and deductions, expressed both as a total dollar amount and as a dollar amount representing the pro rata share of each Unit outstanding on the last business day of such calendar year; (3) the Bonds held and the number of Units of such Trust outstanding on the last business day of such calendar year; (4) the Redemption Price per Unit based upon the last computation thereof made during such calendar year; and (5) the amounts actually distributed during such calendar year from the Interest Account and from the Principal Account of such Trust, separately stated, expressed both as total dollar amounts and as dollar amounts per Unit outstanding on the Record Date for such distributions.

In order to comply with Federal and state tax reporting requirements, Unit holders will be furnished, upon request to the Trustee, evaluations of the Bonds in their 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 unit investment trust office in the City of New York of the certificates representing the Units to be redeemed, 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 the close of trading on the New York Stock Exchange, the date of tender is the next day on which such 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.

Purchased Interest and any other accrued interest to the settlement date paid on redemption shall be withdrawn from the Interest Account of the Trust or, if the balance therein is insufficient, from the Principal Account of such Trust. All other amounts paid on redemption shall be withdrawn from the Principal Account of the Trust.

The Redemption Price per Unit (as well as the secondary market Public Offering Price) will be determined on the basis of the bid price of the Bonds in the Trust and the amount of Purchased Interest of a Trust, while the Public Offering Price of Units during the initial offering period will be determined on the basis of the offering price of the Bonds of such Trust and the amount of Purchased Interest of a Trust, as of the close of trading on the New York Stock Exchange on the date any such determination is made. On the Date of Deposit the Public Offering Price per Unit (which is based on the offering prices of the Bonds in the

Trust and includes the sales charge) exceeded the Unit value at which Units could have been redeemed (based upon the current bid prices of the Bonds in such Trust) by the amount shown under "Summary of Essential Information"

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for each Trust. The Redemption Price per Unit is the pro rata share of each Unit determined by the Trustee on the basis of (1) the cash on hand in the Trust or moneys in the process of being collected, (2) the value of the Bonds in such Trust based on the bid prices of the Bonds, except for those cases in which the value of the insurance, if applicable, has been added, and (3) Purchased Interest and any other interest accrued thereon, less (a) amounts representing taxes or other governmental charges payable out of such Trust, (b) the accrued expenses of such Trust, and (c) cash held for distribution to Unit holders of record as of a date prior to the evaluation then being made. The Evaluator may determine the value of the Bonds in the Trust (1) on the basis of current bid prices of the Bonds obtained from dealers or brokers who customarily deal in bonds comparable to those held by such Trust, (2) on the basis of bid prices for bonds comparable to any Bonds for which bid prices are not available, (3) by determining the value of the Bonds by appraisal, or (4) by any combination of the above. In determining the Redemption Price per Unit for an Insured Trust, no value will be attributed to the portfolio insurance covering the Bonds in such Trust unless such Bonds are in default in payment of principal or interest or in significant risk of such default. On the other hand, Bonds insured under a policy obtained by the Bond issuer, the underwriters, the Sponsor or others are entitled to the benefits of such insurance at all times and such benefits are reflected and included in the market value of such Bonds. See "Why and How are the Insured Trusts Insured?" For a description of the situations in which the evaluator may value the insurance obtained by an Insured Trust, see "Public Offering-How is the Public Offering Price Determined?"

The difference between the bid and offering prices of such Bonds may be expected to average 1-2% of the principal amount. In the case of actively traded bonds, the difference may be as little as 1/2 of 1% and, in the case of inactively traded bonds, such difference usually will not exceed 3%. Therefore, the price at which Units may be redeemed could be less than the price paid by the Unit holder. At the opening of business on the Date of Deposit, the aggregate current offering price of such Bonds per Unit exceeded the Redemption Price per Unit (based upon current bid prices of such Bonds) by the amount indicated in the "Summary of Essential Information."

The Trustee is empowered to sell underlying Bonds in a Trust in order to make funds available for redemption. To the extent that Bonds are sold, the size and diversity of such Trust will be reduced. Such sales may be required at a time when Bonds would not otherwise be sold and might result in lower prices than might otherwise be realized. The Trustee may obtain Permanent Insurance on the Bonds in an Insured Trust. Accordingly, any Bonds so insured may be sold on an insured basis (as will Bonds on which insurance has been obtained by the Bond issuer, the underwriters, the Sponsor or others).

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 that Exchange is restricted or an emergency exists, as a result of which disposal or evaluation of the Bonds 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.

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, which includes Purchased Interest, it may purchase such Units by notifying the Trustee before 12:00 p.m. Eastern time on the next succeeding 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.

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

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#### How May Bonds be Removed from the Fund?

The Trustee is empowered to sell, for the purpose of redeeming Units tendered by any Unit holder and for the payment of expenses for which funds may not be available, such of the Bonds in each Trust on a list furnished by the Sponsor as the Trustee in its sole discretion may deem necessary. As described in the following paragraph and in certain other unusual circumstances for which it is determined by the Depositor to be in the best interests of the Unit holders or if there is no alternative, the Trustee is empowered to sell Bonds in a Trust which are in default in payment of principal or interest or in significant risk of such default and for which value has been attributed to the insurance, if any, obtained by the Trust. See "How May Units be Redeemed?" The Sponsor is empowered, but not obligated, to direct the Trustee to dispose of Bonds in a Trust in the event of advanced refunding. The Sponsor may from time to time act as agent for a Trust with respect to selling Bonds out of a Trust. From time to time, the Trustee may retain and pay compensation to the Sponsor subject to the restrictions under the Investment Company Act of 1940, as amended.

If any default in the payment of principal or interest on any Bond occurs and no provision for payment is made therefor, either pursuant to the portfolio insurance, if any, or otherwise, within thirty days, the Trustee is required to notify the Sponsor thereof. If the Sponsor fails to instruct the Trustee to sell or to hold such Bond within thirty days after notification by the Trustee to the Sponsor of such default, the Trustee may, in its discretion, sell the defaulted Bond and not be liable for any depreciation or loss thereby incurred.

The Sponsor shall instruct the Trustee to reject any offer made by an issuer of any of the Bonds to issue new obligations in exchange and substitution for any Bonds pursuant to a refunding or refinancing plan, except that the Sponsor may instruct the Trustee to accept such an offer or to take any other action with respect thereto as the Sponsor may deem proper if the issuer is in default with respect to such Bonds or in the written opinion of the Sponsor the issuer will probably default in respect to such Bonds in the foreseeable future. Any obligations so received in exchange or substitution will be held by the Trustee subject to the terms and conditions in the Indenture to the same extent as Bonds originally deposited thereunder. Within five days after the deposit of obligations in exchange or substitution for underlying Bonds, the Trustee is required to give notice thereof to each Unit holder of the affected Trust, identifying the Bonds eliminated and the Bonds substituted therefor. Except as stated in this paragraph and under "What is the First Trust Combined Series?" for Failed Bonds, the acquisition by a Trust of any securities other than the Bonds initially deposited is prohibited.

#### 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. 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, Templeton Foreign Fund & U.S. Treasury Securities Trust and The Advantage Growth and 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.)

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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 Fund 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 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 Bonds. 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 charges imposed upon or in respect of the Bonds or upon the interest thereon or upon it as Trustee under the Indenture or upon or in respect of the Fund 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 become incapable of acting or become 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 Trusts as provided herein, or (c) continue to act as Trustee without terminating the Indenture.

Who is the Evaluator?

The Evaluator is Securities Evaluation Service, Inc., 531 East Roosevelt Road, Suite 200, Wheaton, Illinois 60187. 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 thirty days after notice of resignation, the Evaluator may apply to a court of competent jurisdiction for the appointment of a successor.

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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), provided that the Indenture is not amended to increase the number of Units of any Trust issuable thereunder or to permit the deposit or acquisition of securities either in addition to or in substitution for any of the Bonds of any Trust initially deposited in a Trust, except for the substitution of certain refunding securities for Bonds or New Bonds for Failed Bonds. In the event of any amendment, the Trustee is obligated to notify promptly all Unit holders of the substance of such amendment.

Each Trust may be liquidated at any time by consent of 100% of the Unit holders of such Trust or by the Trustee when the value of such Trust, as shown by any evaluation, is less than 20% of the aggregate principal amount of the Bonds initially deposited in the Trust or by the Trustee in the event that Units of a Trust not yet sold aggregating more than 60% of the Units of such Trust are tendered for redemption by the Underwriters, including the Sponsor. If a Trust is liquidated because of the redemption of unsold Units of the Trust by the Underwriters, the Sponsor will refund to each purchaser of Units of such Trust the entire sales charge paid by such purchaser. The Indenture will terminate upon the redemption, sale or other disposition of the last Bond held thereunder, but in no event shall it continue beyond December 31, 2042. In the event of termination, written notice thereof will be sent by the Trustee to all Unit holders of such Trust. Within a reasonable period after termination, the Trustee will sell any Bonds remaining in the Trust and, after paying all expenses and charges incurred by such Trust, will distribute to each Unit holder of such Trust (including the Sponsor if it then holds any Units), upon surrender for cancellation of his Certificate for Units, his pro rata share of the balances remaining in the Interest and Principal Accounts of such Trust, all as provided in the Indenture.

##### 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, 2 Wall Street, New York, New York 10005, will act as counsel for the Trustee and as special counsel for the Fund for New York tax matters. For information with respect to state and local tax matters, including the State Trust special counsel for such matters, see the section of the Prospectus describing each Trust appearing herein.

##### Experts

The statements of net assets, including the portfolios, of the Trusts on the Date of Deposit appearing in this Prospectus and Registration Statement have been audited by Ernst & Young, independent

auditors, as set forth in their report thereon appearing elsewhere herein and in the Registration Statement, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

UNDERWRITING

The Underwriters named below, including the Sponsor, have severally purchased Units in the following respective amounts:

<TABLE>  
<CAPTION>

Georgia Insured Trust, Series 3

Name	Address	Number of Units
<S>	<C>	<C>
Sponsor		
Nike Securities L.P.	1001 Warrenville Road, Lisle, IL 60532	2,196
Underwriters		
McLaughlin, Piven, Vogel Securities, Inc.	30 Wall Street, Fifth Floor, New York, NY 10005	500
J.C. Bradford & Co.	330 Commerce Street, Nashville, TN 37201-1809	100
Morgan Keegan & Company, Incorporated	Morgan Keegan Tower, 50 Front Street, Memphis, TN 38103	100
Sterne, Agee & Leach, Inc.	1901 Sixth Avenue North, Suite 2100, Birmingham, AL 35203 100	
		2,996 =====

</TABLE>

<TABLE>  
<CAPTION>

Indiana Advantage Trust, Series 12

Name	Address	Number of Units
<S>	<C>	<C>
Underwriter		
City Securities Corporation	135 North Pennsylvania Street, Suite Indianapolis, IN 46204	2,200 =====

</TABLE>

On the Date of Deposit, the Underwriters of each Trust became the owners of the Units of such Trust and entitled to the benefits thereof, as well as the risks inherent therein.

The Agreement Among Underwriters provides that a public offering of the Units of each 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 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?" on page 28.

The Sponsor will receive from the Underwriters the excess over the gross sales commission contained in the following table:

<TABLE>  
<CAPTION>

Series of the Fund	Underwriting Concession per Unit			
	100-249 Units Underwritten	250-499 Units Underwritten	500-999 Units Underwritten	1,000 or More Units Underwritten
_____	_____	_____	_____	_____

<S>	<C>	<C>	<C>	<C>
National Trust and a Georgia Trust	\$35.00	\$37.00	\$38.00	\$39.00
Other State Trusts*	\$36.00	\$38.00	\$39.00	\$41.00

</TABLE>

[FN]

\* Except for the Indiana Advantage Trust, an Underwriter who underwrites 2,000 Units or more of the Indiana Advantage Trust will receive a concession of \$37.00

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 or any other unit investment trust of which Nike Securities L.P. is the Sponsor (the "UIT Units"), which sales of UIT Units are in the following aggregate dollar amounts, will receive additional concessions as indicated in the following table:

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<TABLE>

<CAPTION>

Aggregate Monthly Dollar Amount of UIT Units Sold at Public Offering Price	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>

Aggregate Monthly Dollar Amount of UIT Units Sold at Public Offering Price is based on settled trades for a month (excluding trades without a sales charge at net asset value and including sales of Units to the Sponsor in the secondary market which are resold), net of redemptions.

In addition to any other benefits that the Underwriters may realize from the sale of the Units of a Trust, the Agreement Among Underwriters provides that the Sponsor will share with the other Underwriters 50% of the net gain, if any, represented by the difference between the Sponsor's cost of the Bonds in connection with their acquisition (including the cost of insurance obtained by the Sponsor prior to the Date of Deposit for individual Bonds) and the Aggregate Offering Price thereof on the Date of Deposit, less a charge for acquiring the Bonds in the portfolio and for the Sponsor maintaining a secondary market for the Units. Furthermore, any underwriter that sells a total of 1,000 Units or more of any National Trust will receive an additional \$2.00 per Unit sold. However, such sales will not qualify for the Aggregate Monthly Sales Program. See "What are the Sponsor's Profits?" and Note 1 of "Notes to Portfolios."

From time to time the Sponsor may implement programs under which Underwriters and dealers of the Fund 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 Trusts. Such payments are made by the Sponsor out of its own assets, and not out of the assets of the Trusts. These programs will not change the price Unit holders pay for their Units or the amount that the Trusts will receive from the Units sold.

A comparison of tax-free and equivalent taxable estimated current

returns and estimated long-term returns with the returns on various taxable investments is one element to consider in making an investment decision. 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 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.

THE SEPARATE TRUSTS

Specific information such as the Estimated Long-Term Return, the Estimated Current Return (if applicable), distributions and tax status for each of the Trusts commences on the pages immediately following.

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Georgia Insured Trust, Series 3

<TABLE>  
<CAPTION>  
Special Trust Information

	Monthly
<S>	<C>
Calculation of Estimated Net Annual Unit Income (1)	
Estimated Annual Interest Income per Unit	\$ 50.40
Less: Estimated Annual Expense per Unit	\$ 1.90
Estimated Net Annual Interest Income per Unit	\$ 48.50
Calculation of Interest Distribution per Unit	
Estimated Net Annual Interest Income per Unit	\$ 48.50
Divided by 12	\$ 4.04
Estimated Daily Rate of Net Interest Accrual per Unit	\$ .134719
Estimated Current Return Based on Public Offering Price (2)	4.85 %
Estimated Long-Term Return Based on Public Offering Price (2)	4.92 %
CUSIP	33733R 154

</TABLE>

Trustee's Annual Fee \$ .96 per Unit, exclusive of expenses of the Trust commencing December 21, 1994.

Distributions

First distribution of \$2.16 per Unit will be paid on January 31, 1994 to Unit holders of record on January 15, 1994. Regular distributions of \$4.04 per Unit will begin on February 28, 1994 to Unit holders of record on February 15, 1994.

Computation Dates Fifteenth day of the month.

Distribution Dates Last day of the month commencing January 31, 1994.

[FN]

(1) During the first year only, the Trustee has agreed to reduce its fee and pay expenses of the Trust in an amount (approximately \$.04) equal to the interest that would have accrued prior to the expected delivery dates of Bonds included in the Portfolio that were purchased on a "when, as and if issued" or delayed delivery basis. During the first year, Estimated Annual Interest Income per Unit would be \$50.36. Estimated Net Annual Interest Income per Unit, Estimated Current Return Based on Public Offering Price and Estimated Long-Term Return Based on Public Offering Price would be as indicated above. See "What is The First Trust Combined

Series?" and "What are the Expenses and Charges?"

(2) The Estimated Current Return is calculated by dividing the Estimated Net Annual Interest Income per Unit by the Public Offering Price. The Estimated Net Annual Interest Income per Unit will vary with changes in fees and expenses of the Trustee, the Portfolio Supervisor and the Evaluator and with the principal prepayment, redemption, maturity, exchange or sale of Bonds while the Public Offering Price will vary with changes in the offering price of the underlying Bonds; therefore, there is no assurance that the present Estimated Current Return indicated above will be realized in the future. The Estimated Long-Term Return is calculated using a formula which (1) takes into consideration, and determines and factors in the relative weightings of the market values, yields (which take into account the amortization of premiums and the accretion of discounts) and estimated retirements of all of the Bonds in the Trust; (2) takes into account the expenses and sales charge associated with each Unit of the Trust; and (3) takes into effect the tax-adjusted yield from potential capital gains at the Date of Deposit. Since the market values and estimated retirements of the Bonds and the expenses of the Trust will change, there is no assurance that the present Estimated Long-Term Return indicated above will be realized in the future. Estimated Current Return and Estimated Long-Term Return are expected to differ because the calculation of the Estimated Long-Term Return reflects the estimated date and amount of principal returned while the Estimated Current Return calculations include only Net Annual Interest Income and Public Offering Price. Neither rate reflects the true return to Unit holders, which is lower, because neither includes the effect of certain delays in distributions to Unit holders. The above figures are based on estimated per Unit cash flows. Estimated cash flows will vary with changes in fees and expenses, with changes in current interest rates, and with the principal prepayment, redemption, maturity, call, exchange or sale of the underlying Bonds. The estimated cash flows for this Trust are set forth under "Estimated Cash Flows to Unit Holders."

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#### Georgia Insured Trust Summary

The Georgia Insured Trust consists of seven obligations of issuers located in Georgia and one obligation of an issuer located in the Commonwealth of Puerto Rico. The Bond issues in the Trust are either general obligations of governmental entities or are revenue bonds payable from the income of a specific project or authority. The Bonds in the Trust are divided by purpose of issue and represent the percentage of aggregate principal amount of the Bonds as indicated by the following table:

<TABLE>

<CAPTION>

Number of Issues	Purpose of Issue	Portfolio Percentage
<C>	<S>	<C>
1	General Obligation	16.09%
4	Water and Sewer	48.44%
2	Health Care	31.14%
1	Electric	4.33%

</TABLE>

Each of five Bond issues represents 10% or more of the aggregate principal amount of the Bonds in the Trust or a total of approximately 82%. The three largest such issues represent approximately 17% each. None of the Bonds in the Trust are subject to call within five years of the Date of Deposit, although certain Bonds may be subject to an extraordinary call.

Approximately 68% of the aggregate principal amount (approximately 71% of the aggregate offering price) of the Bonds in the Trust were purchased at a premium over par value. Certain of these Bonds are subject to redemption pursuant to call provisions in approximately

10-11 years after the Date of Deposit. See "What Is the First Trust Combined Series?", "Georgia Insured Trust, Series 3-Portfolio" and "Description of Bond Ratings."

#### Federal and Georgia State Tax-Free Income

The following table shows the approximate marginal taxable yields for individuals that are equivalent to tax-exempt yields under combined Federal and state taxes, using published 1993 marginal Federal tax rates and marginal state tax rates currently available and scheduled to be in effect. The table incorporates increased tax rates for higher-income taxpayers that were included in the recently enacted Revenue Reconciliation Act of 1993. For cases in which more than one state bracket falls within a Federal bracket, the higher state bracket is combined with the Federal bracket. The combined state and Federal tax rates shown reflect the fact that state tax payments are currently deductible for Federal tax purposes, and have been rounded to the nearest 1/2 of 1%. The table illustrates what you would have to earn on taxable investments to equal the tax-exempt yield for your income tax bracket. The taxable equivalent yields may be somewhat higher than the equivalent yields indicated in the following table for those individuals who have adjusted gross incomes in excess of \$108,450. The table does not reflect the effect of the limitations on itemized deductions and the deduction for personal exemptions. They were designed to phase out certain benefits of these deductions for higher income taxpayers. These limitations, in effect, raise the maximum marginal Federal tax rate to approximately 44% for taxpayers filing a joint return and entitled to four personal exemptions and to approximately 41% for taxpayers filing a single return entitled to only one personal exemption. These limitations are subject to certain maximums, which depend on the number of exemptions claimed and the total amount of the taxpayer's itemized deductions. For example, the limitation on itemized deductions will not cause a taxpayer to lose more than 80% of his allowable itemized deductions, with certain exceptions.

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<TABLE>  
<CAPTION>

#### TAXABLE EQUIVALENT YIELD

Taxable Income (\$1,000's)				Tax-Exempt Yield		
Single Return	Joint Return	Tax Rate	4.50% Taxable	5.00% Equivalent	5.50% Yield	
<C>	<C>	<S>	<C>	<C>	<C>	
\$ 0- 22.1	\$ 0- 36.9	20.0%	5.63	6.25	6.88	
22.1- 53.5	36.9- 89.2	32.5	6.67	7.41	8.15	
53.5- 115.0	89.2- 140.0	35.0	6.92	7.69	8.46	
115.0- 250.0	140.0- 250.0	40.0	7.50	8.33	9.17	
Over 250.0	Over 250.0	43.0	7.89	8.77	9.65	

</TABLE>

#### Certain Considerations

The following brief summary regarding the economy of Georgia is based upon information drawn from publicly available sources and is included for purposes of providing information about general economic conditions that may or may not affect issuers of the Georgia obligations. The Sponsor has not independently verified any of the information contained in such publicly available documents.

Constitutional Considerations. The Georgia Constitution permits the issuance by the State of general obligation debt and of certain guaranteed revenue debt. The State may incur guaranteed revenue debt by guaranteeing the payment of certain revenue obligations issued by an instrumentality of the State. The Georgia Constitution prohibits the incurring of any general obligation debt or guaranteed revenue debt if the highest aggregate annual debt service requirement for the then current year or any subsequent fiscal year for outstanding general obligation debt and guaranteed revenue debt, including

the proposed debt, exceed 10 percent of the total revenue receipts, less refunds, of the State treasury in the fiscal year immediately preceding the year in which any such debt is to be incurred.

The Georgia Constitution also permits the State to incur public debt to supply a temporary deficit in the State treasury in any fiscal year created by a delay in collecting the taxes of that year. Such debt must not exceed, in the aggregate, 5% of the total revenue receipts, less refunds, of the State treasury in the fiscal year immediately preceding the year in which such debt is incurred. The debt incurred must be repaid on or before the last day of the fiscal year in which it is to be incurred out of the taxes levied for that fiscal year. No such debt may be incurred in any fiscal year if there is then outstanding unpaid debt from any previous fiscal year which was incurred to supply a temporary deficit in the State treasury. No such short-term debt has been incurred under this provision since the inception of the constitutional authority referred to in this paragraph.

Virtually all of the issues of long-term debt obligations issued by or on behalf of the State of Georgia and counties, municipalities and other political subdivisions and public authorities thereof are required by law to be validated and confirmed in a judicial proceeding prior to issuance. The legal effect of an approved validation in Georgia is to render incontestable the validity of the pertinent bond issue and the security therefor.

The State and Its Economy. The State operates on a fiscal year beginning July 1 and ending June 30. Thus, the 1993 fiscal year ended June 30, 1993. Based on data of the Georgia Department of Revenue estimated receipts of the State from income tax and sales tax for the 1992 fiscal year comprised approximately 48.8% and 37.9%, respectively, of the total State tax revenues. Such data shows that total estimated State treasury receipts for the 1992 fiscal year increase by approximately 2.8% over such collections in the 1991 fiscal year. The estimated 1993 fiscal year figures indicate that receipts of the State from income tax and sales tax for the 1993 fiscal year will comprise approximately 49.4% and 37.9%, respectively, of the total State tax revenues. Total estimated State tax revenue collections for the 1993 fiscal year indicate an increase of approximately 8.4% over such collections in the 1992 fiscal year.

Georgia experienced an economic slowdown in the late 1980s that continued into 1992. The 1991 fiscal year ended with a balanced budget, but only because the State had borrowed approximately \$90 million from surpluses maintained for special uses. In light of weaker than expected monthly revenue collections in May and June of 1991, Georgia lawmakers, in a special legislative session, cut budgeted expenditures for the

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1992 fiscal year by \$415 million. Georgia ended its 1992 fiscal year, however, with strong monthly revenue collections. For the last four months of fiscal year 1992, Georgia's revenues were more than 6% higher than revenues reported one year earlier for the same time period. By year-end, revenue collections fell only 0.1% short of that expected to cover 1992 expenditures. This shortfall was made up from funds allocated to but not used by state agencies. The authorized 1993 fiscal year budget consists of an \$8.3 billion spending plan and approximately \$750 million in new general obligation debt. On March 23, 1993, the Georgia General Assembly approved an \$8.9 billion budget for the 1994 fiscal year which includes authorization for \$792 million of general obligation borrowing.

The Georgia economy has performed relatively well during recent years and generally has expanded at a rate greater than the national average during that period. However, growth in 1988 through 1992 has slowed somewhat and was modest compared to the robust pace



of the early 1980's. Georgia's leading economic indicators currently suggest that the rate of growth of the Georgia economy will continue at the pace of 1988 and 1989 and more closely match the national economy. The 1992 annual average unemployment rate for Georgia was 6.9% as compared to the 1992 national annual average unemployment rate of 7.4%. Georgia's unemployment rates (not seasonally adjusted) have consistently fallen throughout the first five months of 1993. The January unemployment rate stood at 6.8%, while the May rate stood at 5.2%. These 1993 rates are, with one exception, lower than both the corresponding 1993 national unemployment rates, 7.9% and 6.7% for January and May, and the 1992 Georgia unemployment rates, 6.0% and 6.6% for January and May. Although many areas of the economy are expected to continue to perform strongly, some areas such as the primary metals, carpet and apparel industries are still experiencing periods of weakness, and others, such as construction and construction-related manufacturing activities (e.g., lumber, furniture and stone/clay products), currently show signs of weakening. In addition, aircraft manufacturers located within the State are in a tenuous position due to reductions in the federal defense budget. Presently, Georgia continues to lead the nation in the production of pulp, pulpwood and paper. Other industries show potential for great expansion, but policy considerations, tax reform laws, foreign competition, and other factors may render these industries less productive.

Bond Ratings. Currently, Moody's Investors Service, Inc. rates Georgia general obligation bonds Aaa and Standard & Poor's Corporation rates such bonds AA+.

Legal Proceedings. Georgia is involved in certain legal proceedings that, if decided against the State, may required the State to make significant future expenditures or may substantially impair revenues. Several lawsuits have been filed against Georgia asserting that the decision in Davis v. Michigan Department of Treasury, 489 U.S. 803 (1989), invalidating Michigan's practice of taxing retirement benefits paid by the federal government while exempting state retirement benefits, also invalidates Georgia's tax treatment of Federal Retirement Benefits for years prior to 1989. Under Georgia's applicable 3 year statute of limitation the maximum potential liability under these suits calculated to April 1, 1992 would appear to be no greater than 128 million dollars. The plaintiffs in these suits, however, have requested refunds for a period from 1980 which could result in a maximum potential liability in the range of 591 million dollars. Any such liability would be predicated on a holding by a Georgia court or the United States Supreme Court that the Davis decision is applicable to Georgia's prior method of taxing Federal Retirement Benefits, that the Davis decision is to be given a retroactive effect, i.e., that the decision affects prior tax years and that a refund remedy is appropriate. In Georgia's "test case", the Georgia Supreme Court held that no refunds are due. On June 28, 1993, however, the U.S. Supreme Court vacated that holding and remanded the case for further consideration in light of the U.S. Supreme Court decision in Harper v. Virginia Department of Taxation (Decided June 18, 1993). In Harper, the Court held that its decision in Davis applied retroactively to federal retirees who were denied Virginia personal income tax refunds.

Another suit filed against Georgia seeks a \$31 million refund plus interest of liquor taxes imposed under a Georgia statute found retroactively invalid by the U.S. Supreme Court. The trail court's decision that no refunds are due is currently being reviewed by the Georgia Supreme Court.

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Two additional suits have been filed with the State of Georgia by foreign producers of alcoholic beverages seeking \$96 million in refunds of alcohol import taxes imposed under another statute. These claims constitute 99% of all such taxes paid during the preceding three years.

In Board of Public Education for Savannah/Chatham County v. State of Georgia, the local school board claimed that the State should finance the major portion of costs of its desegregation program. The Savannah Board originally requested restitution in the amount of \$30 million, but the Federal District Court set forth a formula which would require a State payment in the amount of approximately \$6 million. Both sides have moved for reconsideration. In a similar complaint, DeKalb County has requested restitution in the amount of \$90 million, and there are approximately five other school districts which could file similar claims. It is not possible to quantify such potential claims at this time.

The foregoing information constitutes only a brief summary of some of the financial difficulties which may impact certain issuers of Bonds and does not purport to be a complete or exhaustive description of all adverse conditions to which the issuers in the Georgia Insured Trust are subject. Additionally, many factors including national economic, social and environmental policies and conditions, which are not within the control of the issuers of Bonds, could affect or could have an adverse impact on the financial condition of the State and various agencies and political subdivisions located in the State. The Sponsor is unable to predict whether or to what extent such factors or other factors may affect the issuers of Bonds, the market value or marketability of the Bonds or the ability of the respective issuers of the Bonds acquired by the Georgia Insured Trust to pay interest on or principal of the Bonds. See "Why and How are the Insured Trusts Insured?"

#### Georgia Tax Status

In the opinion of Chapman and Cutler, Special Counsel to the Fund for Georgia tax matters, under existing Georgia law as of the date of this prospectus:

For Georgia income tax purposes, the Georgia Insured Trust is not an association taxable as a corporation, and the income of the Georgia Insured Trust will be treated as the income of the Unit holders. Interest on the Georgia Bonds which is exempt from Georgia income tax when received by the Georgia Insured Trust, and which would be exempt from Georgia income tax if received directly by a Unit holder, will retain its status as tax-exempt interest when distributed by the Georgia Insured Trust and received by the Unit holders.

If the Trustee disposes of a Georgia Bond (whether by sale, exchange, payment on maturity, retirement or otherwise) or if a Unit holder redeems or sells his Unit, the Unit holder will recognize gain or loss for Georgia income tax purposes to the same extent that gain or loss would be recognized for federal income tax purposes (except in the case of Georgia Bonds issued before March 11, 1987 issued with original issue discount owned by the Georgia Insured Trust, in which case gain or loss for Georgia income tax purposes would be determined by accruing said original issue discount on a ratable basis). Due to the amortization of bond premium and other basis adjustments required by the Internal Revenue Code, a Unit holder, under some circumstances, may realize taxable gain when his or her Units are sold or redeemed for an amount equal to their original cost.

Because obligations or evidences of debt of Georgia, its political subdivisions and public institutions and bonds issued by the Government of Puerto Rico are exempt from the Georgia intangible personal property tax, the Georgia Insured Trust will not be subject to such tax as the result of holding such obligations, evidences of debt or bonds. Although there currently is no published administrative interpretation or opinion of the Attorney General of Georgia dealing with the status of bonds issued by a political subdivision of Puerto Rico, we have in the past been advised orally by representatives of the Georgia Department of Revenue that such bonds would also be considered exempt from such tax. Based on that advice, and in the absence of a published administrative interpretation to the contrary, we are of the opinion that the Georgia Insured Trust would not be subject to such tax as the result of holding bonds issued by a political subdivision of Puerto Rico.

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Amounts paid under an insurance policy or policies issued to the Georgia Insured Trust, if any, with respect to the Georgia Bonds

in the Georgia Insured Trust which represent maturing interest on defaulted obligations held by the Trustee will be exempt from State income taxes if, and to the extent as, such interest would have been so exempt if paid by the issuer of the defaulted obligations.

We express no opinion regarding whether a Unit holder's ownership of an interest in the Georgia Insured Trust is subject to the Georgia intangible personal property tax. Although the application of the Georgia intangible personal property tax to the ownership of the Units by the Unit holders is not clear, representatives of the Georgia Department of Revenue have in the past advised us orally that, for purposes of the intangible personal property tax, the Department considers a Unit holder's ownership of an interest in the Georgia Insured Trust as a whole to be taxable intangible personal property separate from any ownership interest in the underlying tax-exempt Georgia Bonds.

Neither the Georgia Bonds nor the Units will be subject to Georgia sales or use tax.

For information with respect to the Federal income tax status and other tax matters see "What Is the Federal Tax Status of Unit Holders?"

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Georgia Insured Trust, Series 3  
Portfolio

Units Rated "AAA"  
At the Opening of Business  
On the Date of Deposit of the Bonds-December 21, 1993

<TABLE>  
<CAPTION>

Aggregate Principal	Issue Represented by Sponsor's Contracts to Purchase Bonds (1)	Rating (2)	Redemption Provisions (3)	Cost to the Trust
<C>	<S>	<C>	<C>	<C>
\$ 465,000	Cherokee County School System (Georgia), General Obligation, School, Series 1993 (AMBAC Insured), 5.375%, Due 2/01/2014 (5)	AAA	2004 @ 102 2010 @ 100 S.F.	\$ 466,000
500,000	Cherokee County (Georgia), Water and Sewerage Authority, Water and Sewerage Revenue, Refunding and Improvements, Series 1993 (MBIA Insured), 5.50%, Due 8/01/2023 (5)	AAA	2019 @ 100 S.F.	511,050
500,000	Columbus, Georgia, Water and Sewerage Revenue Refunding, Series 1993 (FGIC Insured), 5.70%, Due 5/01/2020 (5)	AAA	2003 @ 102 2014 @ 100 S.F.	517,380
400,000	The Dalton-Whitfield County Hospital Authority (Georgia), Refunding Revenue Anticipation Certificates, Series 1993 A (MBIA Insured), 5.375%, Due 7/01/2020 (5)	AAA	2004 @ 102 2014 @ 100 S.F.	395,816
500,000	{ The Fulton-Dekalb Hospital Authority (Georgia), Revenue Refunding Certificates, Series 1993 (MBIA Insured), 5.50%, Due 1/01/2020 (5)	AAA	2003 @ 102 2013 @ 100 S.F.	502,110
250,000	Henry County, Georgia and Henry County Water and Sewerage Authority, Water and Sewerage Revenue Refunding and Improvement, Series 1993A (AMBAC Insured), 5.25%, Due 2/01/2018 (5)	AAA	2004 @ 102 2014 @ 100 S.F.	246,412
125,000	{{ Puerto Rico Electric Power Authority, Power Revenue Refunding, Series N (Capital Guaranty Insured), Zero Coupon, Due 7/01/2017 (5)	AAA	2015 @ 87.060 S.F.	36,135
150,000	* City of Rome (Georgia), Water and Sewerage	AAA	2004 @ 102	149,136

\$2,890,000  
 =====

\$ 2,824,039  
 =====

</TABLE>  
 [FN]

\_ Units are rated "AAA" as a result of insurance. See "Why and How are the Insured Trusts Insured?"

{ These Bonds were issued at an original issue discount on May 1, 1993 at a price of 94.483% of their original principal amount.

{{ These Bonds have no stated interest rate ("zero coupon bonds") and, accordingly, will have no periodic interest payments to the Trust. Upon maturity, the holders of these Bonds are entitled to receive 100% of the stated principal amount. The Bonds were issued at an original issue discount on August 24, 1989 at a price of 14.517% of their original principal amount.

\* Sponsor's contracts for the purchase of all or a portion of these Bonds (approximately 5% of the aggregate principal amount of the Bonds in the Trust) are either on a "when, as and if issued" basis or are delayed delivery Bonds and are expected to be settled on or before January 5, 1994.

For industry concentrations of the Bonds in the Trust, see "Georgia Insured Trust Summary."

See "Notes to Portfolios" on page 53.

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Indiana Advantage Trust, Series 12

<TABLE>  
 <CAPTION>  
 Special Trust Information

	Monthly
<S>	<C>
Calculation of Estimated Net Annual Unit Income	
Estimated Annual Interest Income per Unit	\$ 51.90
Less: Estimated Annual Expense per Unit	\$ 1.91
Estimated Net Annual Interest Income per Unit	\$ 49.99
Calculation of Interest Distribution per Unit	
Estimated Net Annual Interest Income per Unit	\$ 49.99
Divided by 12	\$ 4.17
Estimated Daily Rate of Net Interest Accrual per Unit	\$ .138871
Estimated Current Return Based on Public Offering Price (1)	5.00 %
Estimated Long-Term Return Based on Public Offering Price (1)	5.07 %
CUSIP	33732C 851

</TABLE>

Trustee's Annual Fee \$ .97 per Unit, exclusive of expenses of the Trust commencing December 21, 1993.

Distributions

First distribution of \$2.22 per Unit will be paid on January 31, 1994 to Unit holders of record on January 15, 1994.  
 Regular distributions of \$4.17 per Unit will begin on February 28, 1994 to Unit holders of record on February 15, 1994.

Computation Dates Fifteenth day of the month.

Distribution Dates Last day of the month commencing January 31, 1994.

[FN]

(1) The Estimated Current Return is calculated by dividing the Estimated Net Annual Interest Income per Unit by the Public Offering Price. The Estimated Net Annual Interest Income per Unit will vary with changes in fees and expenses of the Trustee, the Portfolio Supervisor and the Evaluator and with the principal prepayment, redemption, maturity, exchange or sale of Bonds while the Public Offering Price will vary with changes in the offering price of the underlying Bonds; therefore, there is no assurance that the present Estimated Current Return indicated above will be realized in the future. The Estimated Long-Term Return is calculated using a formula which (1) takes into consideration, and determines and factors in the relative weightings of the market values, yields (which take into account the amortization of premiums and the accretion of discounts) and estimated retirements of all of the Bonds in the Trust; (2) takes into account the expenses and sales charge associated with each Unit of the Trust; and (3) takes into effect the tax-adjusted yield from potential capital gains at the Date of Deposit. Since the market values and estimated retirements of the Bonds and the expenses of the Trust will change, there is no assurance that the present Estimated Long-Term Return indicated above will be realized in the future. Estimated Current Return and Estimated Long-Term Return are expected to differ because the calculation of the Estimated Long-Term Return reflects the estimated date and amount of principal returned while the Estimated Current Return calculations include only Net Annual Interest Income and Public Offering Price. Neither rate reflects the true return to Unit holders, which is lower, because neither includes the effect of certain delays in distributions to Unit holders. The above figures are based on estimated per Unit cash flows. Estimated cash flows will vary with changes in fees and expenses, with changes in current interest rates, and with the principal prepayment, redemption, maturity, call, exchange or sale of the underlying Bonds. The estimated cash flows for this Trust are set forth under "Estimated Cash Flows to Unit Holders."

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Indiana Advantage Trust Summary

The Indiana Advantage Trust consists of seven obligations of issuers located in Indiana. The Bond issues in the Trust are either general obligations of governmental entities or are revenue bonds payable from the income of a specific project or authority. The Bonds in the Trust are divided by purpose of issue and represent the percentage of aggregate principal amount of the Bonds as indicated by the following table:

<TABLE>  
<CAPTION>

Number of Issues	Purpose of Issue	Portfolio Percentage
<C>	<S>	<C>
3	University and School	41.18%
2	Health Care	23.53%
2	Miscellaneous	35.29%

</TABLE>

Each of six Bond issues represents 10% or more of the aggregate principal amount of the Bonds in the Trust or a total of approximately 94%. The two largest such issues represent approximately 24% each. None of the Bonds in the Trust are subject to call within five years of the Date of Deposit, although certain Bonds may be subject to an extraordinary call.

Approximately 82% of the aggregate principal amount (approximately 86% of the aggregate offering price) of the Bonds in the Trust were purchased at a premium over par value. Certain of these Bonds are subject to redemption pursuant to call provisions in approximately 9-11 years after the Date of Deposit. See "What Is the First Trust Combined Series?", "Indiana Advantage Trust, Series 12-Portfolio"

Federal and Indiana State Tax-Free Income

The following table shows the approximate marginal taxable yields for individuals that are equivalent to tax-exempt yields under combined Federal and state taxes, using published 1993 marginal Federal tax rates and marginal state tax rates currently available and scheduled to be in effect. The table incorporates increased tax rates for higher-income taxpayers that were included in the recently enacted Revenue Reconciliation Act of 1993. For cases in which more than one state bracket falls within a Federal bracket, the higher state bracket is combined with the Federal bracket. The combined state and Federal tax rates shown reflect the fact that state tax payments are currently deductible for Federal tax purposes, and have been rounded to the nearest 1/2 of 1%. The table illustrates what you would have to earn on taxable investments to equal the tax-exempt yield for your income tax bracket. The taxable equivalent yields may be somewhat higher than the equivalent yields indicated in the following table for those individuals who have adjusted gross incomes in excess of \$108,450. The table does not reflect the effect of the limitations on itemized deductions and the deduction for personal exemptions. They were designed to phase out certain benefits of these deductions for higher income taxpayers. These limitations, in effect, raise the maximum marginal Federal tax rate to approximately 44% for taxpayers filing a joint return and entitled to four personal exemptions and to approximately 41% for taxpayers filing a single return entitled to only one personal exemption. These limitations are subject to certain maximums, which depend on the number of exemptions claimed and the total amount of the taxpayer's itemized deductions. For example, the limitation on itemized deductions will not cause a taxpayer to lose more than 80% of his allowable itemized deductions, with certain exceptions.

<TABLE>  
<CAPTION>

TAXABLE EQUIVALENT YIELD

Taxable Income (\$1,000's)			Tax-Exempt Yield		
Single Return	Joint Return	Tax Rate	4.50% Taxable	5.00% Equivalent	5.50% Yield
<C>	<C>	<S>	<C>	<C>	<C>
\$ 0- 22.1	\$ 0- 36.9	18.0%	5.49	6.10	6.71
22.1- 53.5	36.9- 89.2	30.50	6.47	7.19	7.91
53.5- 115.0	89.2- 140.0	33.5	6.77	7.52	8.27
115.0- 250.0	140.0- 250.0	38.0	7.26	8.06	8.87
Over 250.0	Over 250.0	41.5	7.69	8.55	9.40

</TABLE>

Certain Considerations

The economy of Indiana (the "State") is balanced among diversified industry, services and agriculture. Durable goods manufacturing in the State is comprised of such items as lumber and wood, furniture, stone and glass, primary metals including steel, fabricated metals, nonelectrical and electrical machinery and transportation equipment. Nondurable goods manufacturing in the State includes food, apparel and textiles, paper and printing, chemicals and pharmaceuticals, petroleum derivatives, and rubber and plastics. The non-manufacturing sector includes mining and quarrying, contract construction, transportation and trucking, wholesale and retail trade and service industries such as banking, insurance and health care. The leaders in terms of total employment are primary metals, transportation equipment, contract construction, transportation and communications, wholesale and retail trade, finance, insurance and real-estate related services, health services and government and education. The foregoing is based upon information supplied by the State's Department of Employment and Training Services.

For fiscal year 1991-92, total State expenditures equaled \$10,111,411,375. The estimated total State expenditures for 1992-93 equaled \$11,649,480,740; and the requested total State expenditures for 1993-94 equaled \$12,660,803,442. For fiscal year 1991-92 actual State revenues totaled \$10,056,267,435; for fiscal years 1992-93 and 1993-94

the estimated State revenues totaled \$10,968,079,561 and \$10,805,302,083, respectively. The foregoing is based on information provided by the State.

The foregoing information constitutes only a brief summary of some of the financial difficulties which may impact certain issuers of Bonds and does not purport to be a complete or exhaustive description of all adverse conditions to which the issuers in the Indiana Trust are subject. Additionally, many factors including national economic, social and environmental policies and conditions, which are not within the control of the issuers of Bonds, could affect or could have an adverse impact on the financial condition of the State and various agencies and political subdivisions located in the State. The Sponsor is unable to predict whether or to what extent such factors or other factors may affect the issuers of Bonds, the market value or marketability of the Bonds or the ability of the respective issuers of the Bonds acquired by the Indiana Trust to pay interest on or principal of the Bonds.

#### Indiana Tax Status

In the opinion of Chapman and Cutler, Special Counsel to the Fund for Indiana tax matters, under existing law:

The Indiana Trust is not an association taxable as a corporation for purposes of the Indiana State Adjusted Gross Income Tax, the Supplemental Corporate Net Income Tax, the County Adjusted Gross Income Tax and the Indiana Financial Institutions Tax (collectively, the "State Income Tax").

Each Indiana Unit holder will be treated as owning a pro rata share of each asset of the Indiana Trust for Indiana State Income Tax purposes in the proportion that the number of Units of such Trust held by the Unit holder bears to the total number of outstanding Units of the Indiana Trust, and the income of the Indiana Trust

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will therefore be treated as income of each Indiana Unit holder for Indiana State Income Tax purposes in the proportion described.

Interest on Bonds that would not be includible in income for Indiana State Income Tax purposes when paid directly to an Indiana Unit holder will be exempt from the Indiana State Income Tax when received by the Indiana Trust and attributed to such Indiana Unit holder and when distributed to such Indiana Unit holder.

For purposes of both the Indiana State Income Tax and the Gross Receipts Tax (in the case of taxpayers other than individuals that are subject to such tax), each Indiana Unit holder will realize taxable gain or loss when the Indiana Trust disposes of a Bond (whether by sale, exchange, redemption, or payment at maturity) or when the Indiana Unit holder redeems or sells Units at a price that differs from original cost as adjusted for amortization of bond discount or premium and other basis adjustments (including any basis reduction that may be required to reflect an Indiana Unit holder's share of interest, if any, accruing on Bonds during the interval between the Indiana Unit holder's settlement date and the date such Bonds are delivered to the Indiana Trust, if later).

Tax cost reduction requirements relating to amortization of bond premium may, under some circumstances, result in Indiana Unit holders realizing taxable gain when their Units are sold or redeemed for an amount equal to or less than their original cost.

If interest on indebtedness incurred or continued by an Indiana Unit holder to purchase Units in the Indiana Trust is not deductible for federal income tax purposes, it also will be non-deductible for Indiana State Income Tax purposes.

Indiana imposes a Gross Receipts Tax generally applicable to taxpayers other than individuals. No opinion is expressed herein as to whether distributions from the Indiana Trust to a Unit holder are subject to the Gross Receipts Tax. However, the Indiana Department of Revenue has advised that distributions from the Indiana Trust will be exempt from Indiana Gross Receipts Tax to the extent such distributions relate to payments of interest received by the Indiana Trust on bonds that would, if received directly by such Unit holder, be exempt from such tax, provided that the Indiana Trust complies with certain information reporting and certification requirements. We have been advised that this merely represents the current position of the Indiana Department of Revenue and is subject to change. Indiana has recently imposed the Indiana Financial Institutions Tax applicable to corporations transacting the business of a financial

institution in Indiana. It should be noted that taxable income for purposes of computing such tax includes interest on bonds that is excludible from gross income for federal income tax purposes. Accordingly, interest income attributable to a Unit holder to which the Indiana Financial Institutions Tax applies would generally be subject to such tax.

Units will be subject to the Indiana inheritance tax when held by a Unit holder subject to such tax.

For information with respect to the Federal income tax status and other tax matters, see "What is the Federal Tax Status of Unit Holders?"

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Indiana Advantage Trust, Series 12  
Portfolio

At the Opening of Business  
On the Date of Deposit of the Bonds-December 21, 1993

<TABLE>  
<CAPTION>

Aggregate Principal	Issue Represented by Sponsor's Contracts to Purchase Bonds (1)	Rating (2)	Redemption Provisions(3)	Cost to the Trust
<C>	<S>	<C>	<C>	<C>
\$ 250,000	Eastern Howard Multi-School Building Corporation (Howard County, Indiana), First Mortgage Refunding, Series 1993, 5.80%, Due 1/15/2014	A	2004 @ 102 2008 @ 100 S.F.	\$ 254,328
500,000	Fishers Town Hall Building Corporation, First Mortgage Improvement of 1993 (Town of Fishers, Indiana), 5.80%, Due 7/15/2014	A-	2003 @ 102 2009 @ 100 S.F.	508,695
250,000	{ Indiana Health Facility Financing Authority, Hospital Revenue Refunding and Improvement (Ancilla Systems Incorporated), Series 1992A (MBIA Insured), 5.75%, Due 7/01/2015	AAA	2002 @ 102 2009 @ 100 S.F.	253,937
250,000	{ Indiana Health Facility Financing Authority, Hospital Revenue Refunding, Series 1992A (Methodist Hospital of Indiana, Inc.), 5.75%, Due 9/01/2015	AA-	2002 @ 102 2012 @ 100 S.F.	253,963
125,000	{{ The Trustees of Indiana University, Indiana University Student Fee, Series 1, Zero Coupon, Due 8/01/2015	AA-		37,541
500,000	Lake Ridge Schools Renovation Corporation (Lake County, Indiana), First Mortgage, Series 1993, 5.70%, Due 2/15/2014	A	2004 @ 102 2011 @ 100 S.F.	504,320
250,000	{ Marion County Convention and Recreational Facilities Authority (Indiana), Excise Tax Lease Rental Revenue Refunding, Series 1993A (AMBAC Insured), 5.375%, Due 6/01/2013	AAA	2003 @ 100 2009 @ 100 S.F.	247,757
<u>\$2,125,000</u> =====				<u>\$2,060,541</u> =====

</TABLE>

[FN]

{ These Bonds were issued at an original issue discount on the following dates and at the following percentages of their original principal amount:

	Date	%
Indiana Health Facility (Ancilla Systems, Inc.)	9/15/92	91.135
Indiana Health Facility (Methodist Hospital)	8/1/92	93.349



{{ These Bonds have no stated interest rate ("zero coupon bonds") and, accordingly, will have no periodic interest payments to the Trust. Upon maturity, the holders of these Bonds are entitled to receive 100% of the stated principal amount. The Bonds were issued at an original issue discount on August 13, 1992 at a price of 23.531% of their original principal amount.

For industry concentrations of the Bonds in the Trust, see "Indiana Advantage Trust Summary."

See "Notes to Portfolios" on page 53.

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REPORT OF INDEPENDENT AUDITORS

The Sponsor, Nike Securities L.P., and Unit Holders  
THE FIRST TRUST COMBINED SERIES 207

We have audited the accompanying statements of net assets, including the portfolios, of The First Trust of Insured Municipal Bonds-Multi-State: Georgia Trust, Series 3 and The First Trust Advantage: Indiana Trust, Series 12, comprising The First Trust Combined Series 207 (the Trusts) as of the opening of business on December 21, 1993. These statements of net assets are the responsibility of the Trusts' Sponsor. Our responsibility is to express an opinion on these statements 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 statements of net assets are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of net assets. Our procedures included confirmation of the letter of credit held by the Trustee and allocated among the Trusts on December 21, 1993. 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 statements of net assets. We believe that our audit of the statements of net assets provides a reasonable basis for our opinion.

In our opinion, the statements of net assets referred to above present fairly, in all material respects, the financial position of The First Trust of Insured Municipal Bonds-Multi-State: Georgia Trust, Series 3 and The First Trust Advantage: Indiana Trust, Series 12, comprising The First Trust Combined Series 207 at the opening of business on December 21, 1993 in conformity with generally accepted accounting principles.

ERNST & YOUNG

Chicago, Illinois  
December 21, 1993

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Statements of Net Assets

The First Trust Combined Series 207  
At the Opening of Business on the Date of Deposit  
December 21, 1993

<TABLE>  
<CAPTION>

	Georgia Insured Trust, Series 3	Indiana Advantage Trust, Series 12
NET ASSETS		
<S>	<C>	<C>
Delivery statements relating to Sponsor's contracts to purchase tax-exempt municipal bonds (1) (2) (3)	\$ 2,824,039	\$ 2,060,541
Accrued interest on underlying bonds (2) (3) (5)	32,454	15,927
	2,856,493	2,076,468
Less liabilities (5)	32,454	15,927
Net assets	\$ 2,824,039 =====	\$ 2,060,541 =====
Outstanding Units	2,996	2,200

</TABLE>

<TABLE>  
<CAPTION>

ANALYSIS OF NET ASSETS

<S>	<C>	<C>
Cost to investors (4)	\$ 2,996,009	\$ 2,200,006
Less Purchased Interest (6)	25,166	18,465
Less gross underwriting commissions (4)	146,804	121,000
Net assets	\$ 2,824,039 =====	\$ 2,060,541 =====

</TABLE>

[FN]

NOTES TO STATEMENTS OF NET ASSETS

(1) The aggregate offering price of the bonds for each Trust at the opening of business on the Date of Deposit and the cost to the applicable Trust are the same. The offering price is determined by the Evaluator.

(2) Pursuant to delivery statements relating to contracts to purchase bonds, an irrevocable letter of credit has been allocated among the Trusts as collateral. The amount of available letter of credit and the amount expected to be utilized for each Trust is shown below. The amount expected to be utilized is (a) the cost to the respective Trust of the principal amount of the bonds to be purchased, (b) accrued interest on those bonds to the Date of Deposit, and (c) accrued interest on those bonds from the Date of Deposit to the expected dates of delivery of the bonds, which is exclusive of the amount by which the Trustee has agreed to reduce its fees during the first year (\$131 in the Georgia Insured Trust).

<TABLE>  
<CAPTION>

Trust	Letter of Credit		Aggregate Offering Price of Bonds	Accrued Interest to Date of Deposit	Accrued Interest to Expected Dates of Delivery
	Allocated	To be Utilized			
<S>	<C>	<C>	<C>	<C>	<C>
Georgia Insured Trust, Series 3	\$ 3,000,000	\$ 2,856,728	\$ 2,824,039	\$ 32,454	\$ 235
Indiana Advantage Trust, Series 12	\$ 2,100,000	\$ 2,077,571	\$ 2,060,541	\$ 15,927	\$ 1,103

</TABLE>

(3) Insurance coverage providing for the scheduled payment of principal and interest on all Bonds deposited in the Georgia Insured Trust and delivered to the Trustee has been obtained by such Insured Trust or has been obtained directly by the Bond issuer, the underwriters, the Sponsor or others prior to the Date of Deposit.

(4) The aggregate cost to investors (including Purchased Interest)

and the aggregate gross underwriting commissions of 4.9% for the Georgia Insured Trust and 5.5% for the Indiana Advantage Trust are computed assuming no reduction of sales charge for quantity purchases.

(5) Accrued interest on the underlying Bonds represents the interest accrued as of the Date of Deposit from the later of the last payment date on the Bonds or the date of issuance thereof. Such amount applicable to

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each Trust is a liability of such Trust because the Trusts are entitled to earn interest income beginning on the Date of Deposit. In addition, the Trustee may advance to each Trust a portion of the accrued interest on the underlying Bonds and a portion of the amount of interest which each Trust will earn from the Date of Deposit to December 29, 1993, the First Settlement Date, for distribution to the Sponsor as the Unit holder of record.

(6) Purchased Interest is a portion of the accrued interest on the underlying Bonds as of the Date of Deposit, plus a portion of the interest that the Trust will earn from the Date of Deposit through the First Settlement Date. Purchased Interest is included in the Public Offering Price.

NOTES TO PORTFOLIOS

The following Notes to Portfolios pertain to the information contained in the Trust Portfolios (the Georgia Insured Trust, Series 3 on page 45 and the Indiana Advantage Trust, Series 12 on page 50).

(1) Sponsor's contracts to purchase Bonds were entered into during the period from July 12, 1993 to December 20, 1993. All contracts to purchase Bonds are expected to be settled on or prior to December 29, 1993 unless otherwise indicated.

Other information regarding the Bonds in each Trust on the Date of Deposit is as follows:

<TABLE>  
<CAPTION>

Trust	Aggregate Offering Price of Bonds	Cost of Bonds To Sponsor	Profit Or (Loss) To Sponsor	Bid Price of Bonds	Annual Insurance Cost To Trust	Annual Interest Income to Trust
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Georgia Insured Trust, Series 3	\$ 2,824,039	\$ 2,809,989	\$ 14,050	\$ 2,810,034	\$ -	\$ 150,994
Indiana Advantage Trust, Series 12	\$ 2,060,541	\$ 2,027,833	\$ 32,708	\$ 2,050,354	\$ -	\$ 114,188

</TABLE>

Neither Cost of Bonds to Sponsor nor Profit or (Loss) to Sponsor reflects underwriting profits or losses received or incurred by the Sponsor through its participation in underwriting syndicates but such amounts reflect the cost of insurance obtained by the Sponsor prior to the Date of Deposit for individual Bonds. The Offering and Bid Prices of Bonds were determined by Securities Evaluation Service, Inc., certain shareholders of which are officers of the Sponsor.

(2) All ratings are by Standard & Poor's Corporation unless otherwise indicated (NR indicates "No Rating"). Such ratings were obtained from a municipal bond information reporting service.

(3) There is shown under this heading the year in which each issue of Bonds initially is redeemable and the redemption price for that year or, if currently redeemable, the redemption price in effect on the Date of Deposit. Issues of Bonds are redeemable at declining prices (but not below par value) in subsequent years except for original issue discount Bonds which are redeemable

at prices based on the issue price plus the amount of original issue discount accreted to the redemption date plus, if applicable, some premium, the amount of which will decline in subsequent years. "S.F." indicates a sinking fund is established with respect to an issue of Bonds. In addition, certain Bonds in the portfolio may be redeemed in whole or in part other than by operation of the stated redemption or sinking fund provisions under certain unusual or extraordinary circumstances specified in the instruments setting forth the terms and provisions of such Bonds. See "What Is the First Trust Combined Series?" for a description of certain of such unusual or extraordinary circumstances. Redemption pursuant to call provisions generally will, and redemption pursuant to sinking fund provisions may, occur at times when the redeemed Bonds have an offering side valuation which represents a premium over par or for original issue discount Bonds a premium over the accreted value. To the extent that the Bonds were deposited in the Fund at a price higher than the price at which they are redeemed, this will represent a loss of capital when compared with the original Public Offering Price of the Units. Conversely, to the extent that the Bonds were acquired at a price lower than the redemption price, this will represent an increase in capital when compared to the original Public Offering Price of the Units, excluding the effect of the sales charge on the Units. Distributions will generally be reduced by the amount of the income which would otherwise have been paid with respect to redeemed Bonds and there will be distributed to Unit holders the principal amount and any premium received on such redemption (except to the extent the proceeds of the redeemed Bonds are used to pay for Unit redemptions). The estimated current return and the long-term return in this event may be affected by such redemptions. For the Federal and state

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tax effect on Unit holders of such redemptions and resultant distributions, see "The First Trust Combined Series-What is the Federal Tax Status of Unit Holders?", "Georgia Insured Trust Summary-Georgia Tax Status" and "Indiana Advantage Trust Summary-Indiana Tax Status."

(4) Ratings by Moody's Investors Service, Inc. Such ratings were obtained from a municipal bond information reporting service.

(5) Insurance has been obtained by the Bond issuer, the underwriters, the Sponsor or others prior to the Date of Deposit. No insurance premium is payable by the Trust.

(6) Rating is contingent upon the issuance of insurance.

(7) Rating is contingent upon receipt of documentation confirming investments and cash flow.

#### DESCRIPTION OF BOND RATINGS\*

\* As published by the rating companies.

Standard & Poor's Corporation. A brief description of the applicable Standard & Poor's Corporation rating symbols and their meanings follow:

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

The bond rating is not a recommendation to purchase, sell or hold a security, inasmuch as it does not comment as to market price or suitability for a particular investor.

The ratings are based on current information furnished by the issuer or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any rating and may, on occasion, rely on unaudited financial information. The ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, such information, or for other circumstances.

The ratings are based, in varying degrees, on the following considerations:

1. Likelihood of default-capacity and willingness of the obligor as to the timely payment of interest and repayment of principal in accordance with the terms of the obligation;

11. Nature of and provisions of the obligation;

111. Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangements under the laws of bankruptcy and other laws affecting creditors' rights.

AAA-Bonds rated AAA have the highest rating assigned by Standard & Poor's to a debt obligation. Capacity to pay interest and repay principal is extremely strong.\*\*

\*\* Bonds insured by Financial Guaranty Insurance Company, AMBAC Indemnity Corporation, Municipal Bond Investors Assurance Corporation, Connie Lee Insurance Company, Financial Security Assurance and Capital Guaranty Insurance Company are automatically rated "AAA" by Standard & Poor's Corporation.

AA-Bonds rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated issues only in small degree.

A-Bonds rated A have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than bonds in higher rated categories.

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

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

Provisional Ratings: The letter "p" indicates that the rating is provisional. A provisional rating assumes the successful completion of the project being financed by the bonds being rated and indicates that payment of debt service requirements is largely or entirely dependent upon the successful and timely completion of the project. This rating, however, while addressing credit quality subsequent to completion of the project, makes no comment on the likelihood of, or the risk of default upon failure of, such completion. The investor should exercise his/her own judgment with respect to such likelihood and risk.

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Credit Watch: Credit Watch highlights potential changes in ratings of bonds and other fixed income securities. It focuses on events and trends which place companies and government units under special surveillance by S&P's 180-member analytical staff. These may include mergers, voter referendums, actions by regulatory authorities, or developments gleaned from analytical reviews. Unless otherwise noted, a rating decision will be made within 90 days. Issues appear on Credit Watch where an event, situation, or deviation from trends occurred and needs to be evaluated as to its impact on credit ratings. A listing, however, does not mean a rating change is inevitable. Since S&P continuously monitors all of its ratings, Credit Watch is not intended to include all issues under review. Thus, rating changes will occur without issues appearing on Credit Watch.

Moody's Investors Service, Inc. A brief description of the applicable Moody's Investors Service, Inc. rating symbols and their meanings follow:

Aaa-Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. Their safety is so absolute that with the occasional exception of oversupply in a few specific instances, characteristically, their market value is affected solely by money market fluctuations.

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

which make the long term risks appear somewhat larger than in Aaa securities. Their market value is virtually immune to all but money market influences, with the occasional exception of oversupply in a few specific instances.

A-Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future. The market value of A-rated bonds may be influenced to some degree by economic performance during a sustained period of depressed business conditions, but, during periods of normalcy, A-rated bonds frequently move in parallel with Aaa and Aa obligations, with the occasional exception of oversupply in a few specific instances.

A 1 and Baa 1-Bonds which are rated A 1 and Baa 1 offer the maximum in security within their quality group, can be bought for possible upgrading in quality, and additionally, afford the investor an opportunity to gauge more precisely the relative attractiveness of offerings in the market place.

Baa-Bonds which are rated Baa are considered as medium grade obligations; i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well. The market value of Baa-rated bonds is more sensitive to changes in economic circumstances, and aside from occasional speculative factors applying to some bonds of this class, Baa market valuations will move in parallel with Aaa, Aa, and A obligations during periods of economic normalcy, except in instances of oversupply.

Moody's bond rating symbols may contain numerical modifiers of a generic rating classification. The modifier 1 indicates that the bond ranks at the high end of its category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

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

Estimated Cash Flows to Unit Holders

The tables below set forth the per Unit estimated monthly distributions of interest and principal to Unit holders. The tables assume the receipt of principal of the underlying Bonds upon their maturity or expected retirement date, no changes in expenses, no changes in the current interest rates, no exchanges, redemptions, sales or prepayments of the underlying Bonds prior to their maturity or expected retirement date. To the extent the foregoing assumptions change, actual distributions will vary.

<TABLE>  
<CAPTION>

Georgia Insured Trust, Series 3

Monthly

Date (Each Month)	Estimated Interest Distribution	Estimated Principal Distribution	Estimated Total Distribution
<S>	<C>	<C>	<C>
January 1994	2.16		2.16

February 1994-July 2005	4.04		4.04
August 2005	3.67	166.89	170.56
September 2005-November 2005	3.29		3.29
December 2005	2.90	166.89	169.79
January 2006-February 2006	2.51		2.51
March 2006	2.17	155.21	157.38
April 2006-January 2012	1.83		1.83
February 2012	1.72	50.07	51.79
March 2012-July 2017	1.61		1.61
August 2017	1.61	41.72	43.33
September 2017-February 2018	1.62		1.62
March 2018	1.44	83.44	84.88
April 2018-July 2020	1.26		1.26
August 2020	0.96	133.51	134.47
September 2020-August 2023	0.67		0.67
September 2023	8.69	166.89	175.58

<TABLE>  
<CAPTION>

Indiana Advantage Trust, Series 12

Monthly

Date (Each Month)	Estimated Interest Distribution	Estimated Principal Distribution	Estimated Total Distribution
<S>	<C>	<C>	<C>
January 1994	2.22		2.22
February 1994-July 2004	4.17		4.17
August 2004	3.90	113.64	117.54
September 2004	3.63		3.63
October 2004	3.36	113.64	117.00
November 2004-July 2005	3.10		3.10
August 2005	3.10	227.27	230.37
September 2005-January 2006	2.02		2.02
February 2006	2.02	113.64	115.66
March 2006	1.48	227.27	228.75
April 2006-June 2013	0.41		0.41
July 2013	8.56	164.00	172.56

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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 FUND 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.  
FIRST TRUST

THE FIRST TRUST COMBINED SERIES 207

The First Trust of Insured  
Municipal Bonds-Multi-State:  
    Georgia Trust, Series 3

The First Trust Advantage:  
    Indiana Trust, Series 12

First Trust  
1001 Warrenville Road, Suite 300  
Lisle, Illinois 60532  
1-708-241-4141

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

December 21, 1993



Re: The First Trust Combined Series 209

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 Combined Series 207, which is the current fund, and The First Trust Combined Series 209, 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 The First Trust of Insured Municipal Bonds, Series 1 (File No. 811-2541) related also to the subsequent series of the Fund.

1933 Act

Prospectus

The only significant changes in the Prospectus from the Series 207 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.

#### CONTENTS OF REGISTRATION STATEMENT

##### Item A. Bonding Arrangements of Depositor

Nike Securities L.P. is covered by a Brokers' 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 comprises the following papers and documents:

See "Exhibit Index" on page S-5.

S-1

#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant, The First Trust Combined Series 209, 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 5, 1994.

THE FIRST TRUST COMBINED SERIES  
209

(Registrant)

By: NIKE SECURITIES L.P.  
(Depositor)

By Carlos E. Nardo

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. ) ) ) Carlos E. Nardo ) Attorney-in-fact**	January 5, 1994

\* 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 herein by this reference.

S-2

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

CONSENT OF STANDARD & POOR'S CORPORATION

The consent of Standard & Poor's Corporation to the use of its name in the Prospectus included in this Registration Statement will be filed as Exhibit 4.2 to the Registration Statement.

S-3

EXHIBIT INDEX

1.1 Form of Standard Terms and Conditions of Trust for The First Trust Combined Series 145 and subsequent Series effective October 16, 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. 33-3289] filed on behalf of The First Trust Combined Series 145).

- 1.1.1\_ Form of Trust Agreement for Series 209 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, 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 Corporation, 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).
- 1.6 Master Agreement Among Underwriters (incorporated by reference to Amendment No. 1 to Form S-6 [File No. 33-43289] filed on behalf of The First Trust Combined Series 145).

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- 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.
- 3.2\_ Opinion of counsel as to Federal income tax status of securities being registered.
- 3.3\_ Opinion of counsel to New York 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.
- 4.2\_ Consent of Standard & Poor's Corporation.
- 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.

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