SECURITIES AND EXCHANGE COMMISSION

FORM 497

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FILER

PRUDENTIAL UNIT TRUSTS HIGH YIELD TAX EXEMPT SERIES 1

CIK:**767383**| State of Incorp.:**NY** | Fiscal Year End: **1231**
Type: **497** | Act: **33** | File No.: **002-97403** | Film No.: **94500434**

Mailing Address
C/O PRUDENTIAL SECURITIES INC
32 OLD SLIP FINANCIAL SQUARE
NEW YORK NY 10292

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C/O PRUDENTIAL SECURITIES INC
NEW YORK NY 10292

Rule 497(b)
Registration No. 2-97403

PRUDENTIAL UNIT TRUSTS
High Yield Tax-Exempt Series 1
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This Prospectus does not contain all of the information with respect to the investment company set forth in its registration statement and exhibits relating thereto which have been 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.

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No person is authorized to give any information or to make any representations with respect to this investment company not contained herein; and any information or representations not contained herein must not be relied upon as having been authorized. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any state to any person to whom it is not lawful to make such offer in such state.

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SUMMARY

THE PRUDENTIAL UNIT TRUSTS, High Yield Tax-Exempt Series 1 (the ``Trust'') is a unit investment trust composed of ``high yield/high risk'' interest-bearing municipal bonds and contracts and funds for the purchase thereof (the ``Securities''), the interest on which bonds, in the opinion of bond counsel to the issuing governmental authorities is, under existing law, excludable from gross income for Federal income tax purposes (except in certain instances depending on the Unit Holder). Securities accounting for at least 80% of the aggregate offering side evaluation of the Securities were, as of the Date of Deposit, rated BB or better by Standard & Poor's Corporation or Ba or better by Moody's Investors Service, or BB or better by Fitch Investors Service, Inc. if not rated by Standard & Poor's or Moody's Investors Service, or, if unrated, had comparable credit characteristics, in the opinion of The Prudential Investment Corporation, the Sponsor's affiliate. The remaining Securities were, as of the Date of Deposit, rated B by Standard & Poor's Corporation, or Moody's Investors Service, or Fitch Investors Service, Inc. if not rated by Standard & Poor's Corporation or Moody's Investors Service, or, if unrated, had comparable credit characteristics in the opinion of The Prudential Investment Corporation. Securities having a rating below BBB or Baa generally reflect a higher degree of risk than investment grade bonds indicating that the issuers of such Securities may not be able to meet their obligations to make timely payments of principal and interest. (See Part B--``Bond Ratings''). The ratings of the Securities set forth in Part A--``Schedule of Portfolio Securities'' may have declined due to, among other factors, a decline in creditworthiness of the issuer of said Securities.

THE OBJECTIVE of the Trust is to provide a high level of interest income which, in the opinion of counsel is, under existing law, excludable from gross income for Federal income tax purposes (except in certain instances depending on the Unit Holder) through investment in a fixed portfolio consisting primarily of long-term state, municipal and public authority debt obligations many of which are rated below ``investment grade'' or are unrated. The Trust may be an appropriate investment vehicle for investors who desire to participate in the ``high yield/high risk'' municipal bond market with commensurate higher risk, through a portfolio which offers greater diversification than they might be able to achieve if acquired individually. There is, of course, no guarantee that the Trust's objective will be achieved since the payment of interest is dependent on the continuing ability of the respective issuers of the Securities to meet their obligations. Similarly, the preservation of principal is not assured. (See ``High Yield/High Risk Obligations--Risk Factors.'')

MONTHLY DISTRIBUTIONS of principal, premium, if any, and interest received by the Trust will be made on or shortly after the twenty-fifth day of each month to Unit Holders of record as of the preceding Record Date. Alternatively, Unit Holders may elect to have their monthly distributions reinvested in the Reinvestment Program of the Sponsor, as, if and when such program is available to Unit Holders. (See Part B--``Reinvestment Program.'')

PUBLIC OFFERING PRICE of the Units of the Trust is equal to the aggregate bid side evaluation of the underlying Securities in the Trust's portfolio divided by the number of Units outstanding in the Trust, plus a sales charge as set forth in the table herein. (See Part B--``Public Offering of Units--Volume Discount.'') Units are offered at the Public Offering Price plus accrued interest. (See Part B--``Public Offering of Units.'')

THE SPONSOR, although not obligated to do so, presently intends to maintain a secondary market for the Units of the Trust based on the aggregate bid side evaluation of the underlying Securities, as more fully described under Part B--``Public Offering of Units--Secondary Market.'' If such a market is not maintained, a Unit Holder may be able to dispose of Units only through redemption at prices that are also based on the aggregate bid side evaluation of the underlying Securities. (See Part B--``Rights of Unit Holders--Redemption--Computation of Redemption Price per Unit.'')

HIGH YIELD/HIGH RISK OBLIGATIONS--RISK FACTORS. An investment in Units of the Trust should be made with an understanding of the risks which an investment in fixed-income long-term high yield/high risk debt obligations may entail, including the risk that the value of the Units will decline with increases in interest rates and that yields fluctuate over time. Securities such as those included in the Trust rated BBB or lower are subject to greater market fluctuations and risk of loss of income and principal than are investments in lower yielding fixed income securities. Such fluctuations will occur and may affect the value of the Portfolio and the Units. Securities which are rated lower than BBB or Baa are speculative as such ratings indicate a quality of less than investment grade. Bonds rated BBB or Baa, although investment grade, have speculative characteristics. Bonds which are rated BB, B and CCC by Standard & Poor's are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates the lowest degree of speculation and CCC the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions. Bonds which are rated Ba by Moody's are judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class. Bonds which are rated B by Moody's generally lack characteristics of a desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small. Bonds rated Caa by Moody's are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal and interest. Credit ratings evaluate the safety of principal and interest payments, not market value risk of high yield/high risk bonds. (See Part B--``Bond Ratings.'')

Buyers of Units should be aware that many of the Securities are unrated by any national rating organization and that the market for unrated bonds is not as broad as the market for rated bonds, which may result in the achievement of the Trust's investment objective being more dependent on the Sponsor's credit analysis than is the case for higher quality Securities and less flexibility in the disposal, if required, of such nonrated bonds. There is no established retail secondary market for many of these Securities. The Sponsor does not anticipate that these Securities could be sold other than to institutional investors. However, the Sponsor expects that there is a readily available market among institutional investors for these Securities in the event it is necessary to sell such Securities to meet redemptions of Units. The limited market for these Securities may affect the choice of the particular Security to be sold for purposes of redemption and the amount actually realized by the Trust upon such sale. Such sale may result in a loss to the Trust. In a fixed portfolio, redemption of a majority of Units will likely result in a complete and unanticipated liquidation of a Trust before maturity, resulting in unanticipated losses to investors. Investors should carefully review the objective of the Trust and consider their ability to assume the risks involved before making an investment in the Trust. See Part B--``Bond Ratings'' for a comparison of investment grade and speculative ratings issued by Standard & Poor's, Moody's and Fitch.

Lower rated and comparable nonrated securities tend to offer higher yields than higher rated securities with the same maturities because the creditworthiness of the issuers of lower rated securities is not as strong as that of other issuers. Since investors generally perceive that there are greater risks associated with the lower rated securities in the Trust, the yields and prices of such securities tend to fluctuate more than higher rated securities with changes in the perceived quality of the credit of their issuers. In addition, the market value of high yield/high risk fixed-income securities may fluctuate more than the market value of higher rated securities since high yield/high risk fixed-income securities tend to reflect short-term credit developments of both the Issuer and the general market to a greater extent than higher rated securities, which fluctuate primarily in response to the general level of interest rates, assuming that there has been no change in the fundamental quality of such securities. Lower rated securities generally involve greater risks of loss of income and principal than higher rated securities. The issuers of lower rated securities may possess less creditworthy characteristics than the issuers of higher rated securities. High yield/high risk bonds are directly and adversely affected by variables such as interest rates, unemployment rates, inflation rates and real growth in the economy. In the opinion of the Sponsor's affiliate, although the historic default rate for the types of high yield/high risk securities in the Trust is low and, therefore, such securities are appropriate for inclusion in an unmanaged portfolio for long term investors willing and able to assume a degree of credit risk, such securities nevertheless involve greater risk of loss of income and principal than higher rated securities. Therefore, investors should consider carefully the relative risks associated with investment in securities which carry lower ratings. In addition, the Portfolio of the Trust may also include Restricted Securities (not to exceed 10%*) which have been privately placed and which are viewed as illiquid Securities since Restricted Securities cannot be offered for sale publicly by the Trustee unless and until such securities are registered with the Securities and Exchange Commission or are otherwise determined to be exempt from such registration. (See Part B--``The Trust.'').

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* Percentages computed on the basis of the aggregate bid side evaluation of the Securities in the Trust on December 9, 1993.

The prices of high yield/high risk bonds rated B, BB and BBB have been found to be more sensitive to adverse economic changes than high yield/high risk bonds rated A or better. An economic downturn could severely disrupt the market for high yield/high risk bonds and adversely affect the value of outstanding bonds and the ability of issuers to repay principal and interest as well as result in a higher incidence of high yield/high risk bond defaults. A high yield/high risk bond's value will decrease in a rising interest rate environment, as will the value of the Trust's assets. High yield/high risk bonds rated BBB and/or lower are likely to be disproportionately negatively affected by a downturn in the economy or a substantial period of rising interest rates due to the fact that highly leveraged issuers may experience financial stress which would adversely affect their ability to service their principal and interest payment obligations, and to obtain additional financing, and more likely to suffer rapid credit status changes than bonds rated A or better. In addition, periods of economic uncertainty can be expected to result in increased volatility of market prices of high yield/high risk bonds, and a Trust's asset value. As a result, dispositions of high yield/high risk bonds by the Trustee may be required with a resulting diminution in the size of the Trust and a reduction in the net annual income. In the event the issuer of a security defaults on the payments of income or principal the Trust may incur expenses in exercising its rights to payments on the defaulted security. Because amounts (if any) recovered by the Trustee may not be reflected in the value of the Units until actually received by the Trust, it is possible that a Unit Holder would bear a portion of the cost of recovery without receiving the benefit of any portion of the payment recovered if the Units are sold before the recovery is received or the sale price does not adequately reflect the potential recovery. Unit Holders should assess the risks relating to an investment in high yield/high risk debt in determining whether to invest in Units.

Portfolio Summary

Securities:

The Portfolio contains 11 issues of Securities of issuers located in 10 states. All of the issues are payable from the income of specific projects or authorities and are not supported by the issuer's power to levy taxes. Although income to pay such Securities may be derived from more than one source, the primary sources of such income and the percentage of issues deriving income from such sources are as follows: resource recovery facilities: 10.5%* of the Trust; industrial revenue bonds: 62.8%* of the Trust; health and hospital facilities: 11.1%* of the Trust; power facilities: 15.6%* of the Trust. The Trust is concentrated in industrial revenue bonds.

The Sponsor participated as sole underwriter or manager or member of underwriting syndicates from which approximately 63.4%* of the Trust was acquired. None of the Securities in the Trust (not to exceed 10%*) consist of privately placed Restricted Securities and 100%* of the Trust consists of marketable Securities although the market for certain of the Securities may be limited to institutional investors.

Portfolio Rating: Standard & Poor's: AAA: 21.5%*; A: 14.2%*; BBB: 44.8%*;
Moody's: Aaa 5.1%*; A: 14.3%*;
Not Rated: 0.1%*.

For a description of the meaning of the applicable rating symbols as published by Standard & Poor's Corporation and Moody's Investors Service see Part B--``Bond Ratings.'' It should be emphasized, however, that the ratings of Standard & Poor's and Moody's represent their opinions as to the quality of the Securities which they undertake to rate, and that these ratings are general and are not absolute standards of quality.

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* Percentages computed on the basis of the aggregate bid side evaluation of the Securities in the Trust on December 9, 1993.

SUMMARY OF ESSENTIAL INFORMATION
PRUDENTIAL UNIT TRUSTS
HIGH YIELD TAX-EXEMPT SERIES 1
As of December 9, 1993

<TABLE>

<S>	<C>
FACE AMOUNT OF SECURITIES........................	$7,185,680.00
NUMBER OF UNITS..................................	11,467
FRACTIONAL UNDIVIDED INTEREST IN THE TRUST REPRESENTED BY EACH UNIT........................	1/11,467th
PUBLIC OFFERING PRICE	
Aggregate bid side evaluation of Securities in the Trust....................................	$7,895,787.51
Divided by 11,467 Units..........................	$ 688.57
Plus sales charge of 3.42% of Public Offering Price (3.54% of net amount invested in Securities)..................................	$ 24.38
Public Offering Price per Unit(2)..............	$ 712.95
Plus accrued interest(3)........................	$ 14.54
Total......................................	$ 727.49
REDEMPTION PRICE AND SPONSORS REPURCHASE PRICE PER UNIT (based on bid side evaluation of underlying Securities, $24.38 less than Public Offering Price per Unit) includes accrued interest(3)....	$ 703.11
CALCULATION OF ESTIMATED NET ANNUAL INCOME PER UNIT	
Estimated Annual Income per Unit................	$ 64.07
Less estimated annual expenses per Unit(5)....	$ (1.37)
Estimated Net Annual Income per Unit............	$ 62.70
DAILY RATE OF INCOME ACCRUAL PER UNIT.............	$ .1742
ESTIMATED CURRENT RETURN (based on Public Offering Price)(4)(6)..................................	8.79%
ESTIMATED LONG-TERM RETURN(6)....................	3.37%
MONTHLY INTEREST DISTRIBUTION	
Estimated Net Annual Income per Unit..........	$ 62.70
Divided by 12..................................	$ 5.22
RECORD DATE: The tenth day of each month	
DISTRIBUTION DATE: The twenty-fifth day of each month	
MINIMUM PRINCIPAL DISTRIBUTION: No distribution need be made from the Principal Account if the balance therein is less than $1 per Unit.	
TRUSTEE'S ANNUAL FEE: $1.05 per $1,000 face amount of underlying Securities.	

SPONSOR'S ANNUAL PORTFOLIO SUPERVISION FEE: Maximum $.05 per
$1,000 face amount of underlying Securities.
PREMIUM AND DISCOUNT ISSUES IN PORTFOLIO:
Face amount of Securities with bid side evaluation:
over par--99.6%; at par--0%; at a discount from par--.4%
EVALUATOR'S FEE FOR EACH EVALUATION: Maximum of $14.
EVALUATION TIME: 3:30 P.M. New York time
MANDATORY TERMINATION DATE: November 1, 2035
MINIMUM VALUE OF TRUST: The Trust may be terminated if the value
of the Trust is less than $6,000,000.
DATE OF DEPOSIT: September 17, 1985(1)
</TABLE>

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(1) The Date of Deposit is the date on which the Indenture was signed and the deposit of Securities with the Trustee was made.

(2) This Public Offering Price is computed as of December 9, 1993 and may vary from the Public Offering Price on the date of this Prospectus or any subsequent date.

(3) Figure shown represents interest accrued to the expected date of settlement (normally five business days after purchase).

(4) The estimated current return is increased for transactions entitled to a reduced sales charge. (See Part B--``The Trust--Estimated Annual Income and Current Return per Unit.'')

(5) Includes Trustee's fee, Sponsor's Portfolio supervision fee, estimated expenses and Evaluator's fees.

(6) The Estimated Current Return is calculated by dividing the Estimated Net Annual Income per Unit by the Public Offering Price per Unit. The Estimated Net Annual Income per Unit will vary with changes in fees and expenses of the Trustee and the Evaluator and with the principal prepayment, redemption, maturity, exchange or sale of Securities while the Public Offering Price will vary with changes in the offering price of the underlying Securities; 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 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 Securities in the Trust and (2) takes into account the expenses and sales charge associated with each Unit. Since the market values and estimated retirements of the Securities and the expenses of the Trust will change, there is no assurance that the present Estimated Long-Term Return as indicated above will be realized in the future. The 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 as of the above indicated calculation date of the Summary of Essential Information.

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<AUDIT-REPORT>

INDEPENDENT AUDITORS' REPORT

THE UNIT HOLDERS, SPONSOR AND TRUSTEE
PRUDENTIAL UNIT TRUSTS
HIGH YIELD TAX-EXEMPT SERIES 1

We have audited the statement of financial condition and schedule of portfolio securities of the Prudential Unit Trusts High Yield Tax-Exempt Series 1 as of August 31, 1993, and the related statements of operations and changes in net assets for each of the three years in the period then ended. These financial statements are the responsibility of the Trustee (see Footnote (a)(1)). Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of the securities owned as of August 31, 1993 as shown in the statement of financial condition and schedule of portfolio securities by correspondence with United States Trust Company of New York, the Trustee. An audit also includes assessing the accounting principles used and the significant estimates made by the Trustee, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Prudential Unit Trusts High Yield Tax-Exempt Series 1 as of August 31, 1993, and the results of its operations and the changes in its net assets for each of the three years in the period then ended, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE

December 6, 1993
New York, New York

</AUDIT-REPORT>

STATEMENT OF FINANCIAL CONDITION

PRUDENTIAL UNIT TRUSTS
HIGH YIELD TAX-EXEMPT SERIES 1

August 31, 1993

<TABLE>

TRUST PROPERTY

<S>		<C>
Investments in municipal bonds at market value (cost $7,061,668) (Note (a) and Schedule of Portfolio Securities Notes (4) and (5))		$7,996,762
Accrued interest receivable		210,221
Total		8,206,983
LIABILITY AND NET ASSETS		
Less Liability:		
Cash overdraft		7,774
Net Assets:		
Balance applicable to 11,467 units of fractional undivided interest outstanding (Note (c))		
Capital, plus net unrealized market appreciation of $935,094	$7,996,762	
Undistributed principal and net investment income (Note (b))	202,447	
Net assets		$8,199,209
Net asset value per unit ($8,199,209 divided by 11,467 units)		$ 715.03

See notes to financial statements

</TABLE>

<TABLE>

STATEMENTS OF OPERATIONS

PRUDENTIAL UNIT TRUSTS
HIGH YIELD TAX-EXEMPT SERIES 1

<CAPTIION>

	For the years ended August 31, 1993	1992	1991
<S>	<C>	<C>	<C>
Investment income -- interest	$ 866,409	$1,039,419	$1,146,066
Less: Expenses			
Trust fees and expenses	19,056	18,817	22,877
Total expenses	19,056	18,817	22,877
Investment income -- net	847,353	1,020,602	1,123,189

Net (loss) gain on investments:			
Realized gain on securities sold or redeemed	444,998	39,434	109,539
Net unrealized market (depreciation) appreciation	(608,827)	(92,400)	116,347
Net (loss) gain on investments	(163,829)	(52,966)	225,886
Net increase in net assets resulting from operations	$ 683,524	$ 967,636	$1,349,075

See notes to financial statements

</TABLE>

<TABLE>

STATEMENTS OF CHANGES IN NET ASSETS

PRUDENTIAL UNIT TRUSTS
HIGH YIELD TAX-EXEMPT SERIES 1

<CAPTION>

	For the years ended August 31, 1993	1992	1991
<S>	<C>	<C>	<C>
Operations:			
Investment income -- net	$ 847,353	$ 1,020,602	$ 1,123,189
Realized gain on securities sold or redeemed	444,998	39,434	109,539
Net unrealized market (depreciation) appreciation	(608,827)	(92,400)	116,347
Net increase in net assets resulting from operations	683,524	967,636	1,349,075
Less: Distributions to Unit Holders			
Principal	(790,454)	(1,130,135)	(1,182,633)
Investment income -- net	(980,823)	(1,020,576)	(1,138,052)
Total distributions	(1,771,277)	(2,150,711)	(2,320,685)
Less: Capital Share Transactions			
Redemption of 1,739 Units, 545 Units and 1,028 Units, respectively	(1,278,414)	(469,309)	(907,518)
Accrued interest on redemption	(30,075)	(12,183)	(24,872)
Total capital share transactions	(1,308,489)	(481,492)	(932,390)
Net decrease in net assets	(2,396,242)	(1,664,567)	(1,904,000)
Net assets:			
Beginning of year	10,595,451	12,260,018	14,164,018
End of year (including undistributed principal and net investment income of $202,447, $361,011 and $378,747, respectively)	$ 8,199,209	$10,595,451	$12,260,018

See notes to financial statements

</TABLE>

NOTES TO FINANCIAL STATEMENTS

PRUDENTIAL UNIT TRUSTS
HIGH YIELD TAX-EXEMPT SERIES 1

August 31, 1993

(a) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Trust is registered under the Investment Company Act of 1940 as a Unit Investment Trust. The following is a summary of the significant accounting policies of the Trust:

(1) Basis of Presentation

The Trustee has custody of and responsibility for all accounting and financial books, records, financial statements and related data of the Trust and is responsible for establishing and maintaining a system of internal controls directly related to, and designed to provide reasonable assurance as to the integrity and reliability of, financial reporting of the Trust. The Trustee is also responsible for all estimates and accruals reflected in the Trust's financial statements. The Evaluator determines the price for each underlying Security included in the Trust's Schedule of Portfolio Securities on the basis set forth in Part B of this Prospectus, "Public Offering of Units -- Public Offering Price". Under the Securities Act of 1933 ("the Act"), as amended, the Sponsor is deemed to be an issuer of the Trust Units. As such, the Sponsor has the responsibility of an issuer under the Act with respect to financial statements of each Trust included in the Registration Statement under the Act and amendments thereto.

(2) Investments

Investments are stated at market value as determined by the Evaluator based on the bid side evaluations on the last day of trading during the period, except that value on the date of deposit (September 17, 1985) represents the cost of investments to the Trust based on the offering side evaluations as of the date of deposit.

(3) Income Taxes

The Trust is not an association taxable as a corporation for Federal income tax purposes; accordingly, no provision is required for such taxes.

(4) Expenses

The Trust pays annual Trustee's fees, including estimated expenses, Evaluator's fees, and may incur additional charges as explained under "Expenses and Charges -- Fees" and "-- Other Charges" in Part B of this Prospectus.

(b) DISTRIBUTIONS

Effective July 2, 1993, interest received by the Trust is distributed to the Unit Holders on or shortly after the twenty-fifth day of each month after deducting applicable expenses. Receipts other than interest are distributed as explained in "Rights of Unit Holders -- Distribution of Interest and Principal" in Part B of this Prospectus.

(c) ORIGINAL COST TO INVESTORS

The original cost to investors represents the aggregate initial public offering price as of the date of deposit (September 17, 1985) exclusive of accrued interest.

<TABLE>

A reconciliation of the original cost of units to investors to the net amount applicable to investors as of August 31, 1993 follows:

<S>	<C>
Original cost to investors	$15,123,170

Less: Gross underwriting commissions (sales charge)	(756,150)
Net cost to investors	14,367,020
Cost of securities sold or redeemed	(7,305,352)
Net unrealized market appreciation	935,094
Net amount applicable to investors	$ 7,996,762

</TABLE>

(d) OTHER INFORMATION

<TABLE>

Selected data for a unit of the Trust during each year:

<CAPTION>

	For the years ended August 31, 1993	1992	1991
<S>	<C>	<C>	<C>
Principal distributions during year	$ 64.02	$ 85.30	$ 81.98
Net investment income distributions during year	$ 76.46	$ 75.68	$ 80.09
Net asset value at end of year	$715.03	$802.32	$891.57
Trust units outstanding at end of year	11,467	13,206	13,751

</TABLE>

<TABLE>

SCHEDULE OF PORTFOLIO SECURITIES

PRUDENTIAL UNIT TRUSTS
HIGH YIELD TAX-EXEMPT SERIES 1

August 31, 1993

<CAPTION>

Port-folio No.	Title of Securities	Rating <F1>	Face Amount	Coupon Rate	Maturity Date	Sinking Fund Redemptions<F3>	Optional Refunding Redemptions<F2>	Market Value<F4><F5>
<C>	<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1.	City of Conway, Arkansas, Hospital Revenue Bonds, Conway Memorial Hospital, Series 1985. <F7>	AAA	$ 750,000	11.750%	07/01/11	07/01/02@100	07/01/95@103	$ 881,168
2.	Connecticut Development Authority, Solid Waste and Electric Revenue Bonds, Ogden Martin Systems of Bristol, Inc. Project, 1985 Series.	BBB+	740,000	10.000	07/01/14	07/01/06@100	07/01/95@103	834,861
3.	Monroe County, Georgia, Development Authority, Pollution Control Revenue Bonds, Georgia Power Company Plant -- Scherer Project, First Series 1985.	A3<F6>	1,000,000	10.500	09/01/15	NONE	09/01/95@102	1,143,860
4.	Illinois Health Facilities Authority Revenue Bonds, Series 1985, Adventist Living Centers, Inc. Project. <F8>	<F9>	25,680	11.000	12/01/15	12/01/03@100	12/01/95@103	4,601
5.	Calcasieu Parish, Louisiana, Industrial Development Board, Pollution Control Revenue Bonds, Cities Service Co. Project, 1975 Issue.	BBB	235,000	7.800	12/01/05	12/01/93@100	12/01/93@100	237,794
6.	North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 1985 E. <F7>	A-	390,000	7.000	01/01/20	01/01/17@100	01/01/95@100	408,018
7.	Ohio Water Development Authority, State of Ohio, Pollution Control Revenue Bonds, Series 1985, Ohio Edison Company Project.	BBB	800,000	10.625	07/01/15	NONE	07/01/95@103	917,560
8.	Northampton County, Pennsylvania, Industrial Development Authority, Pollution Control Revenue Bonds, 1985 Series A, Metropolitan Edison Company Project.	A-	1,000,000	10.500	09/01/95	NONE	NONE	1,137,590
9.	Montgomery County Industrial Development Authority, Pennsylvania, Pollution Control Revenue Bonds, 1985							

	Series A, Philadelphia Electric Company Project.	BBB	1,000,000	10.500	05/15/15	NONE	05/15/95@103	1,129,980
10.	Brazos River Authority, Texas, Pollution Control Revenue Bonds, Texas Power and Light Company Project, 1979 Issue.	BBB-	445,000	7.625	12/01/09	12/01/05@100	09/30/93@101.5	453,330
11.	Snohomish County, Washington, Public Utility District No. 1, Sultar Hydroelectric System Revenue Bonds, Series 1983. <F7>	AAA	800,000	11.625	01/01/20	01/01/10@100	01/01/94@103	848,000
			$7,185,680					$7,996,762

</TABLE>

<F1> All ratings are provided by Standard & Poor's Corporation, unless otherwise indicated. A brief description of applicable Security ratings is given under "Bond Ratings" in Part B of this Prospectus.

<F2> There is shown under this heading the date on which each issue of Securities is redeemable by the operation of optional call provisions and the redemption price for that date; unless otherwise indicated, each issue continues to be redeemable at declining prices thereafter but not below par. Securities listed as non-callable, as well as Securities listed as callable, may also be redeemable at par under certain circumstances from special redemption payments.

<F3> There is shown under this heading the date on which an issue of Securities is subject to scheduled sinking fund redemption at a redemption price of par.

<F4> The market value of the Securities as of August 31, 1993 was determined by the Evaluator on the basis of bid side evaluations for the Securities at such date.

<F5> At August 31, 1993, the net unrealized market appreciation of all Securities was comprised of the following:

Gross unrealized market appreciation ..	$988,173
Gross unrealized market depreciation ..	(53,079)
Net unrealized market appreciation	$935,094

The aggregate cost of the Securities for Federal income tax purposes was $7,061,668 at August 31, 1993.

<F6> Moody's Investors Service, Inc. rating.

<F7> The Issuers of Portfolio Nos. 1, 6 and 11 have indicated that they will refund these Securities on their respective optional redemption dates.

<F8> The Issuer of Portfolio Number 4 is in default as of August 31, 1993. The accrual of interest has been discontinued for this Security. If interest had been accrued at August 31, 1993, interest income and accrued interest receivable would have increased by approximately $955. The Sponsor cannot predict at this time whether principal and interest payments will be made with respect to this Security or whether the Trust will dispose of such Security.

<F9> These Securities, although unrated, have in the opinion of the Sponsor, credit characteristics comparable to investment grade securities.

PROSPECTUS--PART B: MAIL CODE C

Note that Part B of this Prospectus may not be distributed unless accompanied by Part A.

PRUDENTIAL UNIT TRUSTS
HIGH YIELD TAX-EXEMPT SERIES

THE TRUST

Each Trust is one of a series of similar but separate unit investment trusts created by the Sponsor under the following name: Prudential Unit Trusts, High Yield Tax-Exempt Series (the ``Trust''). Each Trust was created under the laws of the State of New York by deposit, on the Date of Deposit, of certain securities and contracts and funds for the purchase of such securities (collectively, the ``Securities'') at prices equal to the evaluation of such Securities on the offering side of the market as determined by the Evaluator as of the Date of Deposit, pursuant to a Trust Indenture and Agreement and a related Reference Trust Agreement dated the Date of Deposit (collectively, the ``Indenture''),* among Prudential Securities Incorporated (the ``Sponsor''), United States Trust Company of New York (the ``Trustee'') and Kenny Information Systems, Inc. (the ``Evaluator''). The Sponsor, Prudential Securities Incorporated, is a wholly-owned, indirect subsidiary of The Prudential Insurance Company of America. Each Trust has a mandatory termination date set forth under Part A--``Summary of Essential Information'', but may be terminated substantially prior thereto upon the occurrence of certain events, including a reduction in the value of the Trust below the value set forth under Part A--``Summary of Essential Information''.

The initial public offering of Units in each Trust has been completed. The units offered hereby are issued and outstanding Units which have been acquired by the Sponsor either by purchase from the Trustee of Units tendered for redemption or in the secondary market.

The objective of each Trust is the providing of a high level of interest income which, in the opinion of counsel is (with certain exceptions) exempt from all Federal income taxes under existing law, through investment in a fixed portfolio of Securities (the ``Portfolio'') consisting primarily of long-term state, municipal and public authority (``Issuers'') debt obligations, many of which are rated below BBB by Standard & Poor's Corporation (``Standard & Poor's''), Baa by Moody's Investors Service (``Moody's'') or BBB by Fitch Investors Service, Inc. (``Fitch'') or are unrated. Securities accounting for at least 80% of the aggregate offering side evaluation of the Securities in the Portfolio (70% in the case of High Yield Tax-Exempt Series 8) were, as of the Date of Deposit, rated BB or better by Standard & Poor's, Ba or better by Moody's or BB or better by Fitch, or, if unrated, had comparable credit characteristics, in the opinion of The Prudential Investment Corporation, the Sponsor's affiliate. (See ``Objectives and Securities Selection'' and ``Bond Ratings.'') The remaining Securities in each Trust were, as of the Date of Deposit, rated B by Standard & Poor's, Moody's or Fitch, or, if unrated, had credit characteristics comparable to B as determined by the Sponsor's affiliate. Thereafter, the ratings of such Securities may have declined. See ``Schedule of Portfolio Securities'' for the ratings of the bonds on a recent date. Securities such as those included in each Trust rated BBB or lower are subject to greater market fluctuations and risk of loss of income and principal than are investments in lower yielding securities. In particular, Securities which rely primarily on private firms or other nongovernmental entities for payment of debt service such as industrial revenue bonds often sold to finance, among other things, nursing homes and pollution control facilities, have greater risk of default, and consequently risk of loss of interest and principal than bonds relying on governmental entities for payment of debt service. Securities which are rated lower than BBB or Baa are speculative as such ratings indicate a quality of less than investment grade. Bonds rated BBB or Baa, although investment grade, have speculative characteristics. Bonds which are rated BB, B and CCC, CC and C by Standard & Poor's are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates the lowest degree of speculation and C the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions. Bonds rated D by Standard & Poor's are in payment default (i.e. when interest or principal payments are not made on the date due). Bonds which are rated Ba by Moody's are judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class. Bonds which are rated B by Moody's generally lack characteristics of a desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small. Bonds rated Caa by Moody's are of poor standing. Such issues may be in default or

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*Reference is hereby made to said Indenture and any statements contained herein are qualified in their entirety by the provisions of said Indenture.

there may be present elements of danger with respect to principal and interest. Bonds which are rated Ca by Moody's represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings. Bonds which are rated C are the lowest rated class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing. Credit ratings evaluate the safety of principal and interest payments, not market value risk of high yield/high risk bonds. (See ``Bond Ratings''.) Buyers of Units should be aware that many of the Securities are unrated by any national rating organization and that the market for unrated bonds is not as broad as the market for rated bonds, which may result in the achievement of the Trust's investment objective being more dependent on the Sponsor's credit analysis than is the case for high quality Securities and less flexibility in the disposal, if required, of such non rated bonds. There is no established retail secondary market for many of these Securities. The Sponsor does not anticipate that these Securities could be sold other than to institutional investors. However, the Sponsor expects that there is a readily available market among institutional investors for these Securities in the event it is necessary to sell such Securities to meet redemptions of Units. The limited market for these Securities may affect the choice of the particular Security to be sold for purposes of redemption and the amount actually realized by each Trust upon such sale. Such sale may result in a loss to the Trust. In a fixed portfolio, redemption of a majority of Units will likely result in a complete and unanticipated liquidation of a Trust before maturity, resulting in unanticipated losses to investors. There is, of course, no guarantee that the Trust's objectives will be achieved. Subsequent to the Date of Deposit, a Security in a Trust may cease to be rated or the rating assigned may be reduced below the minimum requirements of such Trust for the acquisition of Securities. Although such events may be considered by the Sponsor in determining whether to direct the Trustee to dispose of the Security (see ``Sponsor-Responsibility''), such events do not automatically require the elimination of such Security from the Portfolio. An investment in a Trust 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. Investors should carefully review the objective of the Trusts and consider their ability to assume the risks involved before making an investment in a Trust. See ``Bond Ratings'' for a comparison of investment grade and speculative ratings issued by Standard & Poor's, Moody's and Fitch.

A portion of the Portfolio of a Trust (see Part A--``Portfolio Summary''), principally industrial revenue bonds (the restricted securities not to exceed 10% of the aggregate offering side evaluation as of the Date of Deposit), may be acquired on a private placement basis (``Restricted Securities''). Restricted securities are acquired on a private placement basis and cannot be offered for sale publicly by the Trustee unless and until such Securities are registered with the Securities and Exchange Commission or are otherwise determined to be exempt from such registration. Among the additional factors which will be considered by the Evaluator in determining the value of any Restricted Securities are (i) an estimate of the existence and extent of any available market therefor, (ii) the estimated period of time during which such Securities will not be freely marketable, (iii) the estimated expenses of qualifying such Securities for public sale, if required, (iv) estimated underwriting commissions, if any, and (v) any credit or other factors affecting the issuer or the guarantor of such Securities. If the Trustee is required to sell Restricted Securities in the open market, there is no assurance that the price realized on the sale of such Securities would not be adversely affected by the absence of an established secondary market for certain of such Securities. The secondary market, if any, would probably be limited to institutional investors and any such sale could result in a loss to a Trust.

Trading of ``high yield/high risk'' bonds takes place primarily in over-the-counter markets consisting of groups of dealer firms that are typically major securities firms. Because the ``high yield/high risk'' bond market is a dealer market, rather than an auction market, no single obtainable price for a given bond prevails at any given time. Prices are determined by negotiation between traders. Not all dealers maintain markets in all ``high yield/high risk'' bonds. Therefore, since there are fewer traders in these bonds than there are in bonds rated A or better, the bid-offer spread is usually greater for ``high yield/high risk'' bonds than it is for bonds rated A or better. (See ``Public Offering of Units--Public Offering Price''.)

``High yield/high risk'' bonds offer higher returns than other bonds as compensation for holding an obligation of an issuer which is viewed as less creditworthy. While all security investments have some degree of risk, these types of securities are subject to greater market fluctuations and risk of loss of income and principal than are investments in lower yielding securities due to their speculative nature. However, each Trust is designed to reduce the effect of these risks by diversifying holdings to minimize the portfolio impact of any single investment. Neither the Sponsor nor the Trustee shall be liable in any way for any default, failure or defect in any Security.

On the Date of Deposit, the Sponsor deposited with the Trustee the underlying Securities, or confirmations of contracts for the purchase of such Securities, at prices equal to the evaluation of such Securities on the offering side of the market as determined by the Evaluator as of the Date of Deposit.

contracts for the purchase of such Securities were delivered to the Trustee together with an irrevocable letter or letters of credit issued by a commercial bank or banks in an amount necessary to complete the purchase of such Securities. The Trust was created simultaneously with the deposit of the Securities with the Trustee and the execution of the Indenture. The Trustee then immediately delivered to the Sponsor certificates of beneficial interest (the ``Certificates'') representing the units (the ``Units'') comprising the entire ownership of the Trust. The Sponsor offered and is offering the Units for sale to the public. The holders of Units (the ``Unit Holders'' or ``Unit Holder,'' as the context requires) will have the right to have their Units redeemed at a price based on the aggregate bid side evaluation of the Securities (the ``Redemption Price'') if they cannot be sold in the secondary market which the Sponsor, although not obligated to, proposes to maintain.

On a recent date, a Unit of a Trust represented the fractional undivided interest in the Securities and net income of such Trust set forth under Part A--``Summary of Essential Information'' in the ratio of 1 Unit for each approximately $1,000 face amount of Securities initially deposited in such Trust. If any Units are redeemed by the Trustee, the face amount of Securities in a Trust will be reduced by an amount allocable to redeemed Units and the fractional undivided interest in such Trust represented by each unredeemed Unit will be increased. 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 a Trust pursuant to the Indenture.

On a recent date, certain of the Securities in the Portfolio of a Trust are valued at prices in excess of prices at which such Securities may be redeemed in the future. (See Part A--``Schedule of Portfolio Securities'' for information relating to the particular series described therein.) To the extent that a Security is redeemed (or sold) at a price which is less than the valuation of such Security on the date a Unit Holder acquired his Units, the proceeds distributable to such Unit Holder in respect of such redemption (or sale) will be less than that portion of the purchase price for such Units which was attributable to such Security (representing a loss of capital to such Unit Holder). Such proceeds, however, may be more or less than the valuation of such Security at the time of such redemption (or sale). Similarly, on a recent date, certain of the Securities in a Trust may be valued at a price in excess of their face value at maturity (i.e., such Securities were valued at a premium above par). (See Part A--``Schedule of Portfolio Securities'' for information relating to the particular series described therein.) The proceeds distributable to a Unit Holder upon the maturity of a Security which was valued at a premium on the date he acquired his Units will be less than that portion of the purchase price for such Units which was attributable to such Security (representing a loss of capital to such Unit Holder).

The Portfolio of a Trust may consist of Securities, the current market value of some of which were below face value on the date of this Prospectus. A primary reason for the market value of such Securities being less than face value at maturity is that the interest coupons of such Securities are at lower rates than the current market interest rate for comparably rated debt securities, even though at the time of the issuance of such Securities the interest coupons thereon represented then prevailing interest rates on comparably rated debt securities then newly issued. The current yields (coupon interest income as a percentage of market price, ignoring any original issue discount) of such Securities are lower than the current yields (computed on the same basis) of comparably rated debt securities of similar type newly issued at currently prevailing interest rates. Securities selling at market discounts tend to increase in market value as they approach maturity when the principal amount is payable. Investors should be aware that any gain attributable to market discount will be taxable and will not be realized until maturity, redemption or sale of the Securities or Units. (See ``Tax Status''.) The current yield of such discounted securities carrying the same coupon interest rate and which are otherwise comparable tends to be higher for securities with longer periods of maturity than it is for those with shorter periods to maturity because the market value of such securities with a longer period to maturity tends to be less than the market value of such a bond with a shorter period to maturity. If currently prevailing interest rates for newly issued and otherwise comparable securities increase, the market discount of previously issued bonds will become deeper and if such currently prevailing interest rates for newly issued comparable securities decline, the market discount of previously issued securities will be reduced, other things being equal. Market discount attributable to interest rate changes does not indicate a lack of market confidence in the issue.

Portfolio Summary

The Portfolio consists of Securities issued by or on behalf of states, counties, municipalities or other political subdivisions of the United States or issued by or on behalf of territorial possessions of the United States, or municipalities or other political subdivisions thereof. The interest on such Securities is, with certain exceptions, or upon their delivery will be, in each instance, in the opinion of bond counsel to the Issuer of such Securities or by ruling of the Internal Revenue Service, exempt from Federal income taxes under existing law (but may be subject to state and local taxation). Capital gains, if any, will be subject to Federal income tax and, generally, to state and/or local income taxes.

The Portfolio of a Trust may contain Securities that are general obligations of governmental entities and/or bonds that are guaranteed by governmental entities. (See Part A--``Portfolio Summary'' for information relating to the particular series described therein.) General obligation bonds are general obligations of a state or local government secured by the power of such Issuer to levy taxes, and are backed by the pledge of such governmental entity. The ability of the Issuer of a general obligation bond to meet its obligation depends largely upon its economic condition. Many Issuers rely upon ad valorem real property taxes as a source of revenue. Proposals in the form of state legislative or voter initiatives to limit ad valorem real property taxes have been introduced in various states. It is not presently possible to predict the impact of these or future proposals, if adopted, on states, local governments or school districts or on their abilities to make future payments on their outstanding debt obligations. The remaining issues are payable from the income of specific projects or authorities and are not supported by the Issuer's power to levy taxes. In the portfolios for certain of the Trusts, this latter group of issues contains Securities that are also supported by the moral obligations of governmental entities. In the event of a deficiency in the debt service reserve funds of moral obligation Securities, the governmental entity having the moral commitment may (but is not legally obligated to) satisfy such deficiency. However, in the event of a deficiency in the debt service reserve funds of Securities not backed by such moral obligations, no such moral commitment of a governmental entity exists.

The Portfolio of a Trust may contain Securities which are Industrial Revenue Bonds (``IRBs''). (See Part A--``Portfolio Summary'' for information pertaining to the particular series therein.) IRBs are tax-exempt securities issued by state, municipal or public authorities to finance the costs of acquiring, constructing or improving various projects, including nursing homes, pollution control facilities, environmental improvement facilities, special airport facilities and certain industrial development facilities. These projects are usually operated by corporate entities. IRBs are not general obligations of governmental entities and are not backed by the taxing power of such entities. Payment of IRBs is dependent solely upon the creditworthiness of the corporate operator of the project or corporate guarantor. Issuers are obligated to pay the principal of any premium then due or interest on the IRBs only to the extent that funds are available from the unexpended proceeds of the IRBs or receipts or revenues of the Issuer. Such revenues include user fees, service charges, rental and lease payments, and mortgage and other loan payments.

The IRBs constituting the Securities in a Trust have generally been issued under bond resolutions, agreements or trust indentures pursuant to which the revenues and receipts payable under the Issuer's arrangements with the corporate operator of a particular project have been assigned and pledged to the holders of the IRBs or a trustee for the benefit of the holders of the IRBs. In certain cases a mortgage on the underlying project has been assigned to the holders of the IRBs or a trustee as additional security for the IRBs. In addition, IRBs are frequently directly guaranteed by the corporate operator of the project or by another affiliated company.

Interest on the IRBs was generally exempt, with certain exceptions, from Federal income tax pursuant to Section 103 of the Internal Revenue Code of 1954, as amended (the ``1954 Code'') when the IRBs held in a Trust were issued, provided the issuer and corporate obligor thereof continue to meet certain conditions. In the opinion of bond counsel to the Issuers, the interest on the IRBs constituting the Securities was exempt (except in certain instances depending on the Unit Holders) from Federal income tax under existing law but might be subject to state or local taxation when the IRBs held in a Trust were issued. Enactment of the Internal Revenue Code of 1986 (the ``1986 Code'' or the ``Code'') did not adversely affect the exemption from Federal income taxation of interest on such IRBs. (See ``Tax Status''.)

The Portfolio of a Trust may contain zero coupon bonds or one or more other Securities which were issued with an ``original issue discount''. ``Original issue discount'' bonds are acquired at prices which represent a discount from face amount, principally because such bonds bear interest at rates which are lower than currently-prevailing markets rates. (See Part A--``Portfolio Summary'' for information relating to the particular series described therein.) A discounted bond held to maturity will have a larger portion of its total return in the form of capital gain and less in the form of tax-exempt income than a comparable bond bearing interest at current market rates. Zero coupon bonds do not provide for the payment of any current interest and provide for payment at maturity at face value unless sooner sold or redeemed. The market value of zero coupon bonds is subject to greater fluctuation in response to changes in interest rates than is the market value of bonds which pay interest currently. Zero coupon bonds generally are subject to redemption at compound accreted value based on par value at maturity. Because the issuer is not obligated to make current interest payments, zero coupon bonds may be less likely to be redeemed than coupon bonds issued at a similar interest rate.

The Portfolio of a Trust may contain Securities of housing authorities which are payable from revenues derived by state housing finance agencies or municipal housing authorities from repayments on mortgage and home improvement loans made by such agencies. (See Part A--``Portfolio Summary'' for information relating to the particular series described therein.) Since housing authority obligations, which are not general obligations of a particular state, are generally supported to a large

extent by Federal housing subsidy programs, the failure by a housing authority to meet the qualifications required for coverage under the Federal programs, or any legal or administrative determination that the coverage of such Federal programs is not available to a housing authority, could result in a decrease or elimination of subsidies available for payment of principal and interest on such housing authority's obligations. Weaknesses in Federal housing subsidy programs and their administration may result in a decrease of subsidies available for payment of principal and interest on housing authority bonds. Repayment of housing loans and home improvement loans in a timely manner is dependent on factors affecting the housing market generally and upon the underwriting and management ability of the individual agencies (i.e., the initial soundness of the loan and the effective use of available remedies should there be a default in loan payments). Economic developments, including failure or inability to increase rentals, fluctuations in interest rates and increasing construction and operating costs may also have an adverse impact on revenues of housing authorities. In the case of some housing authorities, inability to obtain additional financing could also reduce revenues available to pay existing obligations.

The Portfolio of a Trust may contain Securities which are subject to the requirements of Section 103A of the 1954 Code, or Section 143 of the 1986 Code. (See Part A--``Portfolio Summary'' for information relating to the particular series described therein.) Sections 103A and 143 provide that obligations issued to provide single family housing will be exempt from Federal income taxation if all of the proceeds of the issue (exclusive of issuance costs and a reasonably required reserve) are used to make or acquire loans which meet requirements including certain requirements which must be satisfied after issuance. If proceeds of the issue are not used to acquire such loans, the Issuer may be required to redeem all or a portion of such issue from such uncommitted proceeds to maintain the issue's tax exemption. Bond counsel to each such Issuer has issued an opinion that the interest on such Securities was exempt from Federal income tax at the time the Securities were issued. The failure of the issuers of such Securities to meet certain ongoing compliance requirements imposed by Sections 103A and 143 could render the interest on such Securities subject to Federal income taxation, possibly from the date of their issuance. Repayment of housing loans and home improvement loans in a timely manner is dependent upon factors affecting the housing market generally and upon the underwriting and management ability of the individual agencies (i.e., the initial soundness of the loan and the effective use of available remedies should there be a default in loan payments). If interest on such Securities in a Trust is deemed to be subject to Federal income taxation, the loss of tax-exempt status can be expected to adversely affect the market value of such Securities. In this event and under the terms of the Indenture the Sponsor may direct the sale of such Securities. The sale of such Securities in such circumstances is likely to result in a loss to a Trust.

The Portfolio of a Trust may include certain housing authority obligations whose tax exemption depends upon qualification under Section 103(b)(4)(A) of the 1954 Code, or Section 142 of the 1986 Code, and appropriate Treasury Regulations. Both Code Sections require that minimum percentages of the units in each rental housing project financed by tax-exempt debt are to be continuously occupied by or held available for occupancy by low or moderate income tenants for specified periods. Department of the Treasury Regulations issued under Section 103(b)(4)(A) of the 1954 Code provide that in order to prevent possible retroactive Federal income taxation of interest on such Securities certain conditions must be met. The regulations provide, however, that such retroactive taxation will not occur if the Issuer corrects any non-compliance occurring after the issuance of the Securities within a reasonable period after such non-compliance is first discovered or should have been discovered by the Issuer. Similar regulations are expected to be issued under 1986 Code Section 142. If the interest on any of the Securities in a Trust that are housing securities should ultimately be deemed to be taxable, the Sponsor may instruct the Trustee to sell such Securities and, since they would be sold as taxable securities, it is expected that such Securities would have to be sold at a substantial discount from current market price of a comparable tax-exempt security.

The Portfolio of a Trust may contain housing Securities which contain provisions which require the Issuer to redeem such obligations at par from unused proceeds of the issue within a stated period which typically does not exceed three years from the date of issuance of such Securities. (See Part

A--``Portfolio Summary'' for information relating to the particular series therein.) In periods in which interest rates decline there may be increased redemptions of housing securities pursuant to such redemption provisions. Such an increase in redemptions may occur because conventional mortgage loans may have become available at interest rates equal to or less than the interest rates charged on the mortgage loans previously made available from the proceeds of such housing securities. Therefore, some Issuers of such housing securities may have experienced insufficient demand to complete mortgage loan originations for all of the money made available from such securities. In addition, mortgage loans made with the proceeds of housing securities, in general, do not carry prepayment penalties and therefore certain mortgage loans may be prepaid earlier than their maturity dates. If the Issuers of such housing securities are unable to or choose not to reloan these monies, they will generally redeem housing securities in an amount approximately equal to such prepayments. The Sponsor is unable to predict at this time when such redemptions will be made at a high rate. The disposition of such Securities may result in a loss to a Trust. A Unit Holder will have a taxable event upon the redemption of a Security.

The Portfolio of a Trust may contain Securities in the hospital facilities category that are payable from revenues derived from hospitals and health care facilities which, generally, were constructed or are being constructed from the proceeds of such Securities. (See Part A--``Portfolio Summary'' for information relating to the particular series therein.) The continuing availability of sufficient revenues is dependent upon several factors affecting all such facilities generally, including, among other factors, the ability of the facilities to provide the services required by patients, changes in Medicare and Medicaid reimbursement regulations, the success of efforts by the states and the Federal government to limit the cost of health care, changes in contracts between health care institutions and public or private insurers, the timely completion of the construction of projects and achieving and maintaining projected rates of utilization. Additionally, a major portion of hospital revenues typically is derived from Federal or state programs such as Medicare and Medicaid and from Blue Cross and other insurers. The future solvency of the Medicare trust fund is periodically subject to question. Changes in the compensation and reimbursement formulas of these governmental programs or in the rates of insurers may reduce revenues available for the payment of principal of, or interest on, hospital revenue bonds. Governmental legislation or regulations and other factors, such as the inability to obtain sufficient malpractice insurance, may also adversely impact upon the revenues or costs of hospitals and may also adversely affect the ratings of hospital revenue bonds held in a Trust. Actions by the Federal government with respect to Medicare and by the Federal and State governments with respect to Medicaid, reducing the total amount of funds available for either or both of these programs or changing the reimbursement regulations, or their interpretations, could adversely affect the amount of reimbursement available to hospital facilities. A number of additional legislative proposals concerning health care are typically under review by the United States Congress at any given time. These proposals span a wide range of topics, including cost control, national health insurance, incentives for competition in the provision of health care services, tax incentives and penalties related to health care insurance premiums and promotion of prepaid health care plans. The Sponsor is unable to predict the effect of these proposals, if enacted, on any of the Securities in the Portfolio of a Trust.

The Portfolio of a Trust may contain Securities in the power and electric facilities category payable from revenues derived from power facilities, which generally include revenues from the sale of electricity generated and distributed by power agencies using hydro-electric, nuclear, fossil or other power sources. (See Part A--``Portfolio Summary'' for information relating to the particular series therein.) The ability of the Issuers of such Bonds to make payments of principal of, or interest on, such obligations is dependent, among other things, upon the continuing ability of such Issuers to derive sufficient revenues from their operations to meet debt service requirements. General problems of the power and electric utility industry include difficulty in financing large construction programs during an inflationary period, restrictions on operations and increased cost and delays attributable to environmental considerations, uncertain technical and cost factors relating to the construction and operation of nuclear power generating facilities, the difficulty of the capital markets in absorbing utility debt and equity securities, the availability of fuel for electric generation at reasonable prices, the steady rise in fuel costs and the costs associated with conversion to alternate fuel sources such as coal. Some of the Issuers of Securities in the Portfolio may own or operate nuclear facilities for electric generation. Additional considerations in the case of such Issuers include the problems associated with the use and disposal of radioactive materials and wastes, and other problems associated with construction, licensing, regulation and operation of such facilities. In addition, Federal, state or municipal governmental authorities may from time to time impose additional regulations or take other governmental action which might cause delays in the licensing, construction or operation of nuclear power plants, or the suspension of operation of such plants which have been or are being financed by proceeds of certain of the Securities held in the Portfolio of a Trust. Such delays, suspensions, or other action may affect the payment of interest on, or the repayment of the principal amount of, such Securities. Current and future environmental legislation, regulations or other governmental actions may increase the cost of utility service. The Sponsor is unable to predict the ultimate form that any such future legislation, regulations or other governmental action may take, or the resulting impact on the Securities in the Portfolio of a Trust.

The Portfolio of a Trust may contain Securities which are in the water and sewer facilities category. (See Part A-- ``Portfolio Summary'' for information relating to the particular series therein.) Bonds in the water and sewer facilities category include securities issued to finance public water and sewer projects for water management and supply and sewer control securities issued by public issuers on behalf of private corporations for such projects. These bonds are payable from the income of specific facilities or from payments made by such private corporations to the state authorities issuing such bonds. The ability of state and local water and sewer authorities to meet their obligations may be affected by failure of municipalities to utilize fully the facilities constructed by these authorities, economic or population decline and resulting decline in revenue from user charges, rising construction and maintenance costs and delays in construction of facilities, impact of environmental requirements, the difficulty of obtaining or discovering new supplies of fresh water, the effect of conservation programs and the impact of ``no growth'' zoning ordinances.

The Portfolio of a Trust may contain Securities which are in the revenue obligations of universities and schools category. (See Part A--``Portfolio Summary'' for information relating to the particular series therein.) The ability of universities and schools to meet their obligations is dependent upon various factors, including the revenues, costs and enrollment levels of the institutions. In addition, their ability may be affected by declines in enrollment and tuition revenue, the availability of Federal, state and alumni financial support, the method and validity, under state constitutions, of present systems of financing public education, fluctuations in interest rates and construction costs, increased maintenance and energy costs, failure or inability to raise tuition or room charges and adverse results of endowment fund investments. Studies undertaken by public and private groups differ with respect to statistics and projections for postsecondary enrollment at educational institutions in the 1990s.

The Portfolio of a Trust may contain Securities in the pollution control facilities category. (See Part A--``Portfolio Summary'' for information relating to the particular series therein.) Bonds in the pollution control facilities category include securities issued to finance public water, sewage or solid waste treatment facilities and securities issued by a public Issuer on behalf of a private corporation to provide facilities for the treatment of air, water and solid waste pollution. These Securities are payable from the income of specific facilities, state authorities or from payments made by such private corporations.

The Portfolio of a Trust may contain Securities which are in the redevelopment facilities category. (See Part A-- ``Portfolio Summary'' for information relating to the particular series described therein.) The purpose of redevelopment is to revitalize deteriorated and/or underdeveloped areas within a community. As new construction progresses, property values normally increase significantly and the ultimate result is a proportionate increase in ad valorem property tax revenues. However, if, due to various economic factors, the assessed valuation is reduced, such reduction may result in insufficient tax revenues, which could in turn impair the ability of the issuer to make payments of principal and/or interest on the bonds when due. A reduction in property tax rates or delinquencies in the payment of property taxes could have a similar adverse effect.

Each Trust consists of the Securities listed under Part A--``Schedule of Portfolio Securities'', as long as such Securities may continue to be held from time to time in such Trust (including certain securities deposited in such Trust in exchange or substitution for any Securities pursuant to the Indenture) together with accrued and undistributed interest thereon and undistributed and uninvested cash realized from the disposition of Securities. BECAUSE CERTAIN OF THE SECURITIES FROM TIME TO TIME MAY BE REDEEMED OR WILL MATURE IN ACCORDANCE WITH THEIR TERMS OR MAY BE SOLD UNDER CERTAIN CIRCUMSTANCES DESCRIBED HEREIN, NO ASSURANCE CAN BE GIVEN THAT A TRUST WILL RETAIN FOR ANY LENGTH OF TIME ITS PRESENT SIZE AND COMPOSITION. THE TRUSTEE HAS NOT PARTICIPATED IN THE SELECTION OF SECURITIES FOR THE TRUSTS, AND NEITHER THE SPONSOR, NOR THE SPONSOR'S AFFILIATE, NOR THE TRUSTEE WILL BE LIABLE IN ANY WAY FOR ANY DEFAULT, FAILURE OR DEFECT IN ANY SECURITIES.

To the best knowledge of the Sponsor, there was no material litigation pending as of the Date of Deposit in respect of any Securities which might reasonably be expected to have a material adverse effect upon a Trust. At any time after the Date of Deposit, litigation may be initiated on a variety of grounds with respect to Securities in a Trust. Such litigation may affect the validity of such Securities or the tax-free nature of the interest thereon. Although the outcome of litigation of such nature cannot be predicted, opinions of bond counsel are delivered with respect to each Security on the date of issuance to the effect that such Security has been validly issued and that the interest thereon is exempt from Federal income tax under then existing law. If legal proceedings are instituted after the Date of Deposit seeking, among other things, to restrain or enjoin the payment of any of the Securities or attacking their validity or the authorization or existence of the Issuer, the Sponsor may, in accordance with the Indenture, direct the Trustee to sell such Securities and distribute the proceeds of such sale to Unit Holders. 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 Securities (e.g., state legislative proposals or voter initiatives to limit ad valorem real property taxes).

Under the Federal Bankruptcy Code, political subdivisions, public agencies or other instrumentalities of any state (including municipalities) which are insolvent or unable to meet their debts as they mature and which meet certain other conditions may file a petition in Federal bankruptcy court. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the debtor. The Federal Bankruptcy Code also requires the debtor to file a plan for the adjustment of its debts which may modify or alter the rights of creditors. Under such a plan the Federal bankruptcy court may permit the debtor to issue certificates of indebtedness which have priority over existing creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite majorities of creditors of different

classes. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. The Sponsor is unable to predict the effect these bankruptcy provisions may have on a Trust.

Most of the Securities are subject to redemption prior to their stated maturity dates pursuant to optional refunding redemption and/or sinking fund provisions. In general, optional refunding redemption provisions are more likely to be exercised when the evaluation of a Security is at a premium over par than when it is at a discount from par. Generally, the evaluation of Securities will be at a premium over par when market interest rates fall below the coupon rate on such Securities. In addition, certain Securities 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 Securities. The redemption of a Security at par may result in a loss to a Trust. See Part A--``Schedule of Portfolio Securities'' for those Securities in the Portfolio of a Trust which as of the date of such schedule had a bid side evaluation in excess of par. The percentage of the face amount of Securities in the Portfolio which were evaluated in excess of par on a recent date is set forth under Part A--``Summary of Essential Information''. The Sponsor is unable to predict at this time when such redemptions will occur and the extent of such redemptions. Certain Securities in the Portfolio may be subject to sinking fund provisions designed to redeem a significant portion of an issue of Securities gradually over the life of such issue. Particular bonds of an issue of Securities to be redeemed are generally chosen by lot. The ``Schedule of Portfolio Securities'' contains a listing of the optional refunding and sinking fund redemption provisions, if any, with respect to each of the Securities. The disposition of such Securities as a result of such redemptions may result in a loss to the Unit Holder to the extent the evaluation of such Security, at the time of that purchase of a Unit by a Unit Holder, is higher than the price at which such Security is redeemed. A Unit Holder will have a taxable event upon the redemption of such Security. (See ``Tax Status''.)

The Sponsor, although not obligated to do so, presently intends to maintain a secondary market for the Units at prices based on the bid side evaluation of the Securities in a Trust. (See ``Public Offering of Units--Secondary Market''.) Holders of Units in a Trust, in the absence of a secondary market for Units, will have the right to have one or more of their Units redeemed by the Trustee at a price equal to the Redemption Price thereof (see ``Rights of Unit Holders--Redemption''), based on the aggregate bid side evaluation for the Securities in the Portfolio. DUE TO FLUCTUATIONS IN THE MARKET PRICE OF THE SECURITIES IN THE PORTFOLIO AND THE FACT THAT THE PUBLIC OFFERING PRICE INCLUDES A SALES CHARGE, AMONG OTHER FACTORS, THE AMOUNT REALIZED BY A UNIT HOLDER UPON THE REDEMPTION OR SALE OF UNITS MAY BE LESS THAN THE PRICE PAID FOR SUCH UNITS BY THE UNIT HOLDER. (SEE ``RIGHTS OF UNIT HOLDERS--REDEMPTION--COMPUTATION OF REDEMPTION PRICE PER UNIT''.)

Objectives and Securities Selection

The objective of each Trust is to provide a high level of interest income which, in the opinion of counsel is with certain exceptions, depending upon the Unit Holder, exempt from all Federal income taxes under existing law, through investment in a fixed portfolio consisting primarily of long-term state, municipal and public authority debt obligations, many of which are rated below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch or are unrated. There is, of course, no guarantee that a Trust's objective will be achieved.

The Prudential Insurance Company of America, the indirect parent of the Sponsor, or a division or subsidiary thereof (collectively, ``Prudential'') has selected and negotiated for the Securities purchased by the Sponsor. In selecting Securities for a Trust, Prudential considered factors established by the Sponsor including, among others, the following: (a) for Securities in the Portfolio accounting for at least 80% of the aggregate offering price (70% in the case of High Yield Tax Exempt Series 8), a Standard & Poor's, Moody's or Fitch rating of the Securities of BB, Ba or BB, respectively, (see ``Bond Ratings''), or, if unrated, in the opinion of the Sponsor's affiliate, comparable credit characteristics and for the remainder of the Securities in the Portfolio a Standard & Poor's, Moody's or Fitch rating of the Securities of B or, if unrated, the existence of comparable credit characteristics in the opinion of the Sponsor's affiliate, (b) maturities or mandatory payment dates consistent with the life of a Trust, (c) yields of the Securities relative to other securities of comparable quality and maturity, and (d) diversification of the Securities as to purpose and location of Issuer. While the ratings assigned by Standard & Poor's or Moody's or Fitch were taken into consideration in selecting Securities for each Trust, Prudential also performed its own independent investment analysis as to the Securities, including, among other things, consideration of the financial history and condition, the prospects and the management of the Issuers. In performing this analysis, Prudential relied on information from various sources, including, to the extent available, reports by the rating services, research, analysis and appraisals of brokers and dealers and the views of other responsible parties regarding economic developments and the creditworthiness of particular Issuers.

The Trust may contain Securities which were acquired through the Sponsor's participation as sole underwriter or manager or as a member of the underwriting syndicate for such Securities or which were privately placed with Prudential or its affiliates. (See Part A--``Portfolio Summary''.) An underwriter typically purchases securities, such as the Securities in each Trust, from the Issuer on a negotiated or competitive bid basis in order to market such securities to investors at a profit.

The yields on Securities of the type deposited in each Trust are dependent on a variety of factors, including general money market conditions, interest rates, general conditions of the municipal bond market, size of a particular offering, the maturity of the obligation and rating of the issue. The ratings represent the opinions of the rating organizations as to the quality of the securities which they undertake to rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, securities with the same maturity, coupon and rating may have different yields, while securities of the same maturity and coupon with different ratings may have the same yield.

The Units

On a recent date each Unit in a Trust represented a fractional undivided interest in the principal and net income of such Trust as is set forth in Part A--``Summary of Essential Information''. If any Units are redeemed after such date by the Trustee, the face amount of Securities in each such Trust will be reduced by an amount allocable to redeemed Units and the fractional undivided interest in each such Trust represented by each unredeemed Unit will be increased. 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. (See ``Amendment and Termination of the Indenture--Termination''.)

Estimated Annual Income and Current Return Per Unit

On a recent date the Estimated Net Annual Income per Unit was the amount set forth above under Part A--``Summary of Essential Information''. This figure is computed by dividing the aggregate net annual interest income (i.e., less estimated annual fees and expenses of the Sponsor, the Trustee and the Evaluator) ignoring any original issue discount by the number of Units outstanding. The Estimated Current Return is computed by dividing the Estimated Net Annual Income per Unit by the Public Offering Price per Unit as set forth under ``Summary of Essential Information''. Thereafter, the estimated net annual interest income per Unit will change whenever Securities mature, are redeemed or are sold, default, or as the expenses of a Trust change. The fees of the Trustee, the Sponsor and the Evaluator are subject to change without the consent of Unit Holders. (See ``Expenses and Charges''.)

Interest on the Securities, less estimated expenses of a Trust, is expected to accrue at the daily rate shown under Part A--``Summary of Essential Information''. This rate will change as Securities mature, are redeemed or are sold, default or as the expenses of a Trust change.

Units of a Trust are offered on a ``dollar price'' basis (as distinguished from a ``yield price'' basis, often used in offerings of tax exempt bonds, which involves a computation of yield to maturity or an earlier redemption date and takes into account both the interest payable on the bonds and the amortization of premium or discount to the specified date). Because Units of a Trust are offered on a dollar price basis, the rate of return on an investment in Units is expressed in terms of Estimated Current Return, computed by dividing the Estimated Net Annual Income per Unit by the Public Offering Price.

On a recent date, the Estimated Current Return was set forth under Part A--``Summary of Essential Information''. As the Public Offering Price will vary due to fluctuations in the prices of the Securities and the net annual interest income per Unit may change as Securities mature, are redeemed or are sold, default, or as the expenses of a Trust change, it may be expected that such events will be reflected in a change in the Estimated Current Return. In addition, the Estimated Current Return per Unit will be higher for purchasers entitled to a reduced sales charge.

TAX STATUS

In the opinion of bond counsel to the issuing governmental authorities, interest income on the Securities comprising the Portfolio of each Trust is (except in certain instances depending upon the Unit Holder, as described below) exempt from Federal income tax under the provisions of the Internal Revenue Code as in effect at the date of issuance. In the case of Securities issued at a time when the 1954 Code was in effect, redesignation of the Code as the Internal Revenue Code of 1986 (the ``1986 Code'' or the ``Code'') has not adversely affected the exemption from Federal income tax of interest income on such Securities. Gain (exclusive of any earned original issue discount) realized on sale or redemption of the Securities or on sale of a Unit is, however, includable in gross income for Federal income tax purposes and for state and local income tax purposes generally. (It should be noted in this connection that such gain does not include any amounts received in respect of

accrued interest.) Such gain may be capital gain or ordinary income and if capital gain may be long or short-term depending upon the facts and circumstances. Securities selling at market discount tend to increase in market value as they approach maturity when the principal amount is payable, thus increasing the potential for taxable gain on their maturity, redemption or sale.

In the opinion of Messrs. Cahill Gordon & Reindel, special counsel for the Sponsor, under existing law:

None of the Trusts is an association taxable as a corporation for Federal income tax purposes, and interest on an underlying Security which is exempt from Federal income tax under the Code when received by a Trust will retain its status as tax exempt interest for Federal income tax purposes to the Unit Holders.

Each Unit holder will be considered the owner of a pro rata portion of a Trust's assets under Sections 671-678 of the Code. Each Unit Holder will be considered to have received his pro rata share of interest derived from such Trust assets when it is received by the Trust and each Unit Holder will have a taxable event when an underlying Security is disposed of (whether by sale, exchange, redemption, or payment at maturity) or when the Unit Holder redeems or sells his Units. The total tax cost of each Unit to a Unit Holder is allocated among each of the underlying Securities (in accordance with the proportion of a Trust's assets comprised by each Security) in order to determine his per Unit tax cost for each Security and the tax cost reduction requirements of the Code relating to amortization of bond premium will apply separately to the per Unit tax cost of each Security. Therefore, under some circumstances a Unit Holder may realize taxable gains when his Units are sold or redeemed for an amount equal to or less than his original cost.

When a contract to acquire an underlying Security is settled after the Unit Holder's settlement date for a Unit, the Unit Holder's proportionate share of the interest accrued on the underlying Security on the Security settlement date will exceed the portion of the purchase price that was allocable to interest accrued on the Unit settlement date. A Unit Holder will not be subject to Federal income tax on his proportionate share of the interest which accrues during the period between the Unit settlement date and the Security settlement date when such interest is received by a Trust or when it is distributed to him.

Under the personal income tax laws of the State and City of New York, the income of each Trust will be treated as the income of the Unit Holders and any interest on the underlying Securities which is exempt from tax under these laws when received by a Trust will retain its status as tax-exempt interest to Unit Holders.

If the proceeds received by a Trust upon the sale or redemption of an underlying Security exceed a Unit Holder's adjusted tax cost allocable to the Security disposed of, that Unit Holder will realize a taxable gain to the extent of such excess. Conversely, if the proceeds received by a Trust upon the sale or redemption of an underlying Security are less than a Unit Holder's adjusted tax cost allocable to the Security disposed of, that Unit Holder will realize a loss for tax purposes to the extent of such difference. Any gain recognized on a sale or exchange of a Unit Holder's pro rata interest in a Security, and not constituting a realization of accrued ``market discount,'' and any loss will be a capital gain or loss, except in the case of a dealer or financial institution. Gain realized on the disposition of the interest of a Unit Holder in a market discount Security is treated as ordinary income to the extent the gain does not exceed the accrued market discount. A Unit Holder has an interest in a market discount Security in a case in which (i) the Unit Holder purchased a Unit after April 30, 1993, and (ii) the tax cost for the Unit Holder's pro rata interest in the Security is less than the stated redemption price thereof at maturity (or the issue price plus original issue discount accrued up to the acquisition date, in the case of an original issue discount Security). Any capital gain or loss arising from the disposition of a Unit Holder's pro rata interest in a Security will be a long-term capital gain or loss if the Unit Holder has held his or her Units and the Trust has held the Security for more than one year. Under the Code, net capital gain (i.e., the excess of net long-term capital gain over net short-term capital loss) of individuals, estates and trusts is subject to a maximum nominal tax rate of 28%. Such net capital gain may, however, result in a disallowance of itemized deductions and/or affect a personal exemption phase-out.

Opinions relating to the validity of the underlying Securities and the exemption of interest thereon from Federal income tax are rendered by bond counsels to the issuing governmental authorities. It is the view of the Sponsor's affiliate that interest on the Securities will not be a tax preference item unless otherwise indicated on the ``Schedule of Portfolio Securities'' as Securities the interest on which is, in the opinion of bond counsel, treated as a tax preference item for alternative minimum tax purposes. See ``Schedule of Portfolio Securities''. Neither the Sponsor nor its counsel have made any review of proceedings relating to the issuance of underlying Securities or the bases for bond counsels' opinions or the view of the Sponsor's affiliate. The Sponsor and its counsel are, however, aware of nothing which would indicate to the contrary.

Furthermore, exemption of interest on a Security from regular income tax requires that the issuer of the Security (or other user of the Security proceeds) meet certain ongoing compliance requirements. Failure to meet these requirements could

result in loss of the exemption and such loss of exemption could apply retroactively from the date of issuance. A Security may provide that if a loss of exemption is determined to have occurred, the Security is immediately due and payable, and, in the case of a secured Security, that the security can be reached if the Security is not then paid. If such a loss of exemption were to occur and the Security did not contain such an acceleration clause, or if the acceleration did not in fact result in payment of the Security, the affected Security would likely be sold as a taxable bond. Sale of a Security as a taxable bond would likely result in a realization of proceeds less than the cost of the Security.

In the case of certain of the underlying Securities comprising the Portfolio, the opinions of bond counsel indicate that although interest on such underlying Securities is generally exempt from Federal income tax, such underlying Securities are ``industrial development bonds'' under the 1954 Code or ``private activity bonds'' under the 1986 Code as those terms are defined in the relevant Code provisions, and interest on such underlying Securities will not be exempt from Federal income tax for any period during which such underlying Securities are held by a ``substantial user'' of the facilities financed by the proceeds of such underlying Securities (or a ``related person'' to such a ``substantial user''). In the opinion of Messrs. Cahill Gordon & Reindel, interest attributable to such underlying Securities (although not subject to Federal income tax to the Trust), if received by a Trust for the account of a Unit Holder who is such a ``substantial user'' or ``related person,'' will be taxable (i.e., not tax exempt) to the same extent as if such underlying Securities were held by the Unit Holder directly as owner. No investigation as to the users or of the facilities financed by the underlying Securities has been made by the Sponsor or its counsel. Investors should consult their tax counsel for advice with respect to the effect of these provisions on their particular tax situation.

Investors who are or may become recipients of Social Security benefits should be aware that a portion of such Social Security benefits may be includible in gross income. For 1993, the includible amount is the lesser of (i) one-half of the Social Security benefits or (ii) one-half of the amount by which the sum of ``modified adjusted gross income'' plus one-half of the Social Security benefits exceeds a base amount. The base amount is (a) $25,000 for an unmarried taxpayer, (b) $32,000 for married taxpayers filing a joint return, and (c) zero for married taxpayers not living apart who file separate returns. For 1994 and subsequent taxable years, two threshold amounts apply. The 1993 rule continues to apply to a taxpayer whose modified adjusted gross income plus one-half of his or her Social Security benefits does not exceed $34,000 ($44,000 for married taxpayers filing a joint return). Taxpayers with modified adjusted gross income in excess of the $34,000 threshold ($44,000 for married taxpayers filing a joint return) are, however, required to include up to 85% of their Social Security benefits in gross income.

Modified adjusted gross income is gross income determined without regard to certain otherwise allowable deductions and exclusions from gross income, plus tax exempt interest on municipal obligations including interest on the Securities. To the extent that Social Security benefits are includible in gross income they will be treated as any other item of gross income and therefore may be taxable.

Investors should also consult their tax counsel for advice with respect to the effect, if any, on the tax cost of Units to a Unit Holder in cases in which a contract to acquire a Security is settled after the settlement date for such Units and the Unit Holder's proportionate share of the interest accrued on the underlying Security on the Security settlement date will exceed the portion of the purchase price allocable to interest accrued on the Unit settlement date. In such cases, the Unit Holder may have an adjustment to his tax basis in his Units for interest accruing on such Securities during the interval between purchase of Units and delivery of Securities.

THE EXEMPTION OF INTEREST ON MUNICIPAL OBLIGATIONS FOR FEDERAL INCOME TAX PURPOSES DOES NOT NECESSARILY RESULT IN EXEMPTION UNDER ANY OTHER FEDERAL TAX LAW OR UNDER THE INCOME OR OTHER TAX LAWS OF ANY STATE OR CITY. THE LAWS OF THE SEVERAL STATES VARY WITH RESPECT TO THE TAXATION OF SUCH OBLIGATIONS. (See ``Rights of Unit Holders--Reports and Records.'')

The Portfolio of a Trust may contain zero coupon bond(s) or one or more other Securities which were originally issued at a discount (``original issue discount''). In general, original issue discount can be defined as the difference between the price at which a Security was issued and its stated redemption price at maturity. In the case of a Security issued before September 4, 1982, original issue discount is deemed to accrue (be ``earned'') as tax-exempt interest ratably over the period from the date of issuance of the Security to the date of maturity and is apportioned among the original holder of the obligation and subsequent purchasers in accordance with a ratio the numerator of which is the number of calendar days the obligation was owned by the holder and the denominator of which is the total number of calendar days from the date of issuance of the obligation to its date of maturity. Gain or loss upon the disposition of an original issue discount Security in a Portfolio is

measured by the difference between the amount realized upon disposition of and the amount paid for such obligation. A holder is entitled, however, to exclude from gross income that portion of such gain attributable to accrued interest and the ``earned'' portion of original issue discount.

In the case of a Security issued after September 3, 1982, original issue discount is deemed to accrue on a constant interest method which corresponds, in general, to the economic accrual of interest (adjusted to eliminate proportionately on an elapsed-time basis any excess of the amount paid for the Security by a Trust over the sum of the issue price and the accrued original issue discount on the acquisition date). A Trust will be entitled to increase its tax basis in the Security by the amount of original issue discount that is deemed to accrue while a Trust holds the Security. The difference between the amount realized on a disposition of the Security (ex currently accrued interest) and the adjusted tax basis of the Security will give rise to taxable gain or deductible loss upon a disposition of the Security by a Trust (or a sale or redemption of Units by a Unit Holder).

The Code provides, generally, that adjustments to taxable income to produce alternative minimum taxable income for corporations will include 75% of the amount by which adjusted current earnings (which would include tax-exempt interest) of the taxpayer exceed the alternative minimum taxable income of the taxpayer before any amount is added to alternative minimum taxable income because of this adjustment.

For Federal income tax purposes, Trust expenses allocable to producing or collecting Trust interest income are not deductible because the interest income derived by the Trust is exempt from Federal income tax. A state or local income tax may provide for a deduction for the portion of such Trust expenses attributable to the production or collection of income derived by the Trust and taxed by the state or locality. The effect on any such deductions of the Code rules whereby investment expenses and other miscellaneous deductions are deductible only to the extent in excess of 2% of adjusted gross income would depend upon the law of the particular state or locality involved.

The Code also imposes an additional 12/100% ($12.00 per $10,000) environmental tax on the alternative minimum taxable income (determined without regard to any alternative tax net operating loss deduction) of a corporation in excess of $2,000,000 for each taxable year beginning before January 1, 1996. The environmental tax is an excise tax and is deductible for United States Federal income tax purposes (but not for purposes of the environmental tax itself).

Although the environmental tax is based on alternative minimum taxable income, the environmental tax must be paid in addition to any Federal income taxes payable by the corporation.

From time to time proposals have been introduced before Congress the purpose of which is to restrict or eliminate the Federal income tax exemption for interest on securities similar to the Securities in the Trust or to require treatment of such interest as a ``tax preference'' for alternative minimum tax purposes, and it can be expected that similar proposals may be introduced in the future. The Trusts and the Sponsor cannot predict what legislation, if any, in respect of the tax status of interest on Securities may be proposed by the Executive Branch or by members of Congress, nor can they predict which proposals, if any, might be enacted or whether any legislation if enacted would apply to the Securities in a Trust.

In addition, investors should be aware that no deduction is allowed for Federal income tax purposes for interest on indebtedness incurred or continued to purchase or carry Units in a Trust. Under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of Units may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of the Units. All taxpayers are required to report for informational purposes on their Federal income tax returns the amount of tax-exempt interest they receive.

Investors should consult their own tax advisors with respect to the applicability of the foregoing general comments to their own particular situations and as respects state and local tax consequences of an investment in Units.

PUBLIC OFFERING OF UNITS

Public Offering Price

The Public Offering Price of Units is computed by adding to the aggregate bid side evaluation of the Securities in a Trust, any money in the Principal Account other than money required to redeem tendered Units, dividing such sum by the number of Units outstanding, and then adding a sales charge as calculated below under ``Volume Discount''. A proportionate share of accrued and undistributed interest on the Securities to the settlement date for Units purchased is also added to the Public Offering Price.

The Public Offering Price on a date subsequent to the date listed on Part A--``Summary of Essential Information'' may vary from the Public Offering Price set forth on Part A--``Summary of Essential Information'' in accordance with fluctuations in the evaluation of the underlying Securities in a Trust.

The aggregate bid prices of the Securities in a Trust, shall be determined for a Trust by the Evaluator in the following manner: (a) on the basis of current bid prices for the Securities as obtained from investment dealers or brokers (including the Sponsor), (b) if bid prices are not available for the Securities, on the basis of current bid prices for comparable securities, (c) by determining the value of the Securities on the bid side of the market by appraisal, or (d) by any combination of the above. Among the additional factors which were considered in determining the value of any Restricted Securities that have been privately placed and which are frequently considered by high yield bond traders in determining high yield bond market values are (i) an estimate of the existence and extent of any available market therefor, (ii) the estimated period of time during which such Securities will not be freely marketable, (iii) the estimated expenses of qualifying such Securities for public sale, if required, (iv) estimated underwriting commissions, if any, and (v) any credit or other factors affecting the issuer or the guarantor of such Securities. Evaluations for purposes of secondary market transactions by the Sponsor and redemptions by the Trustee will be made by the Evaluator each business day as of the Evaluation Time, effective for all sales or redemptions made subsequent to the last preceding determination.

The Public Offering Price of Units in the secondary market, the price at which the Sponsor repurchases Units in the secondary market, and the Redemption Price at which Units may be redeemed will be determined on the basis of the bid side evaluation thereof.

Public Distribution

Unsold Units or Units acquired by the Sponsor in the secondary market referred to below may be offered to the public by this Prospectus at the then current Public Offering Price plus accrued interest.

The Sponsor intends to qualify Units for sale in states selected by the Sponsor, to be sold by the Sponsor and through dealers who are members of the National Association of Securities Dealers, Inc. Sales to dealers will initially be made at prices which include a concession of 73% of the sales charge per Unit, but subject to change from time to time at the discretion of the Sponsor. The Sponsor reserves the right to reject, in whole or in part, any order for the purchase of Units.

Secondary Market

While not obligated to do so, it is the Sponsor's present intention to maintain a secondary market for Units of each Trust and to continuously offer to repurchase Units from Unit Holders at the applicable Sponsor's Repurchase Price. In addition, if the secondary market is being maintained by the Sponsor it is the present intention of the Sponsor to purchase Units tendered for redemption at such Units' redemption value if it becomes necessary in order to meet redemption requests to sell Securities that have been privately placed and it is not feasible to dispose of such Securities within seven days. (See Part A--``Summary of Essential Information''.) The Sponsor's Repurchase Price is computed by adding to the aggregate of the bid side evaluation of the Securities in a Trust, any money in the Principal Account other than money required to redeem Units, plus accrued interest, deducting therefrom expenses of the Trustee, Evaluator and Sponsor, and taxes, if any, and then dividing the resulting sum by the number of Units outstanding, as of the date of such computation. Any Units repurchased by the Sponsor at the Sponsor's Repurchase price may be reoffered to the public by the Sponsor at the then current Public Offering Price, plus accrued interest. Any profit or loss resulting from the resale of such Units will belong to the Sponsor.

If the supply of Units exceeds demand (or for any other business reason), the Sponsor may, at any time, occasionally, from time to time, or permanently, discontinue the repurchase of Units of this series at the Sponsor's Repurchase Price. In such event, although under no obligation to do so, the Sponsor may, as a service to Unit Holders, offer to repurchase Units at the Redemption Price, a price based on the current bid prices for the Securities, plus accrued interest. Alternatively, Unit Holders may redeem their Units through the Trustee. In no event will the price offered by the Sponsor for the repurchase of Units be less than the current Redemption Price for those Units. (See ``Rights of Unit Holders--Redemption''.)

Profit of Sponsor

The Sponsor receives a sales charge as calculated below under ``Volume Discount'' in the secondary market. On the sale of Units to dealers, the Sponsor will retain the difference between the dealer concession and the sales charge. (See ``Public Distribution''.)

The Sponsor may have realized a book profit (or a loss) on the deposit of the Securities in a Trust representing the difference between the cost of the Securities to the Sponsor and the cost of the Securities to such Trust. The Sponsor may have realized profits or sustained losses in respect of Securities which were acquired from the Sponsor or from underwriting syndicates of which it was a member. 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 addition, the Sponsor may realize profits (or sustain losses) due to daily fluctuations in the prices of the Securities in a Trust and thus in the Public Offering Price of Units received by the Sponsor. Cash, if any, received by the Sponsor from the Unit Holders prior to the settlement date for purchase of Units may be used in the Sponsor's business to the extent permitted by applicable regulations and may be of benefit to the Sponsor.

The Sponsor may also realize profits (or sustain losses) while maintaining a secondary market in the Units, in the amount of any difference between the prices at which the Sponsor buys Units (based on the bid side evaluation of the Securities in the Trust) and the prices at which the Sponsor resells such Units (the Public Offering Price at the time of sale includes a sales charge as calculated below under ``Volume Discount'' in the secondary market) or the prices at which the Sponsor redeems such Units (based on the bid side evaluation of the Securities in a Trust), as the case may be.

Volume Discount

Although under no obligation to do so, the Sponsor intends to permit volume purchasers of Units to purchase Units at a reduced sales charge. The Sponsor may at any time upon prior notice to Unit Holders change the amount by which the sales charge is reduced or discontinue the discount altogether.

The sales charge per Unit in the secondary market will be computed by multiplying the Evaluator's determination of the bid side evaluation of each Security by a sales charge determined in accordance with the table set forth below based upon the number of years remaining to the maturity of each such Security, totalling all such calculations, and dividing this total by the number of Units then outstanding. In calculating the date of maturity, a Security will be considered to mature on its stated maturity date unless: (a) the Security has been called for redemption or funds or securities have been placed in escrow to redeem it on an earlier call date, in which case the call date will be deemed the date on which such Security matures; or (b) the Security is subject to a mandatory tender, in which case the mandatory tender date will be deemed the date on which such Security matures.

<TABLE>
<CAPTION>

Time to Maturity	(As Percent of Bid Side Evaluation)	(As Percent of Public Offering Price)
<S>	<C>	<C>
Less than six months......................	% 0	0 %
Six months to 1 year......................	0.756%	0.75%
Over 1 year to 2 years....................	1.523%	1.50%
Over 2 years to 4 years...................	2.564%	2.50%
Over 4 years to 8 years...................	3.627%	3.50%
Over 8 years to 15 years..................	4.712%	4.50%
Over 15 years.............................	5.820%	5.50%

</TABLE>

The sales charge per Unit will be reduced pursuant to the following graduated scale for sales to any person of at least 100 Units in the secondary market.

<TABLE>
<CAPTION>

Number of Units	% of Sales Charge
<S>	<C>
Less than 100 Units......................	100%
100-249 Units............................	90%
250-499 Units............................	80%
500-749 Units............................	75%
750-999 Units............................	70%
1,000 Units or More......................	65%

</TABLE>

The respective reduced sales charges as shown on the chart above will apply to all purchases of Units in any fourteen day period by the same person in the amounts stated herein, and for this purpose, purchases of Units of a Trust will be aggregated with concurrent purchases of Units of any other trust that may be offered by the Sponsor.

Units held in the name of purchaser's spouse, in the name of a purchaser's child under the age of 21 or in the name of an entity controlled by the purchaser are deemed for the purposes hereof to be acquired by purchaser. The reduced sales charges are also applicable to a trustee or other fiduciary purchasing Units for a single trust estate or single fiduciary account.

Employee Discount

The Sponsor intends to permit employees of Prudential Securities Incorporated and its subsidiaries and affiliates to purchase Units of a Trust at a price equal to the bid side evaluation of the Securities in a Trust divided by the number of Units outstanding plus a reduced sales charge of $5.00 per Unit, subject to a limit of 5% of the Units of a Trust at the discretion of the Sponsor.

EXCHANGE OPTION

Unit Holders may elect to exchange any or all of their Units of this series of the Prudential Unit Trusts for units of one or more of any other series in the Prudential Securities Incorporated family of unit investment trusts or certain additional trusts that may from time to time be made available for such exchange by the Sponsor (collectively referred to as the ``Exchange Trust''). Such units may be acquired at prices based on reduced sales charges per unit. The purpose of such reduced sales charges is to permit the Sponsor to pass on to the Unit Holder who wishes to exchange Units the cost savings resulting from such exchange of Units. The cost savings result from reductions in time and expense related to advice, financial planning and operational expenses required for the Exchange Option. Exchange Trusts may have different investment objectives; a Unit Holder should read the prospectus for the applicable Exchange Trust carefully to determine the investment objective prior to the exercise of this option.

This option will be available provided the Sponsor maintains a secondary market in both the Units of this series and units of the applicable Exchange

Trust and provided that units of the applicable Exchange Trust are available for sale and are lawfully qualified for sale in the jurisdiction in which the Unit Holder resides. While it is the Sponsor's intention to maintain a secondary market for the units of all such trusts, there is no obligation on its part to do so. Therefore, there is no assurance that a market for units will in fact exist on any given date on which a Unit Holder wishes to sell or exchange his units; thus there is no assurance that the Exchange Option will be available to any Unit Holder. The Sponsor reserves the right to modify, suspend or terminate this option at any time without further notice to Unit Holders. In the event the Exchange Option is not available to a Unit Holder at the time he wishes to exercise it, the Unit Holder will be immediately notified and no action will be taken with respect to his units without further instruction from the Unit Holder.

Exchanges will be effected in whole units only. If the proceeds from the Units being surrendered are less than the cost of a whole number of units being acquired, the exchanging Unit Holder will be permitted to add cash in an amount to round up to the next highest number of whole units. When units held for less than five months are exchanged for units with a higher regular sales charge, the sales charge will be the greater of (a) the reduced sales charge or (b) the difference between the sales charge paid in acquiring the units being exchanged and the regular sales charge for the quantity of units being acquired, determined as of the date of the exchange.

To exercise the Exchange Option, a Unit Holder should notify the Sponsor of his desire to use the proceeds from the sale of his Units to purchase units of one or more of the Exchange Trusts. If units of the applicable outstanding series of the Exchange Trust are at that time available for sale, the Unit Holder may select the series or group of series for which he desires his Units to be exchanged. The Unit Holder will be provided with a current prospectus or prospectuses relating to each series in which he indicates interest.

The exchange transaction will operate in a manner essentially identical to any secondary market transaction, i.e. Units will be repurchased at a price equal to the aggregate bid side evaluation per Unit of the Securities in the Portfolio plus accrued interest. Units of the Exchange Trust will be sold to the Unit Holder at a price equal to the Public Offering Price per unit of the securities in that portfolio plus accrued interest and the applicable sales charge of $15 per Unit. Excess proceeds not used to acquire whole units will be paid to the exchanging Unit Holder. Owners of units of any registered unit investment trust other than Prudential Unit Trusts which was initially offered at a minimum applicable sales charge of 3.0% of the public offering price exclusive of any applicable sales charge discounts may elect to apply the cash proceeds of sale or redemption of those units directly to acquire available units of any Exchange Trust at the reduced sales charge of $20 per Unit, subject to the terms and conditions applicable to the Exchange Option. To exercise this option, the owner should notify his retail broker. He will be given a prospectus of each series in which he indicates interest of which units are available. The Sponsor reserves the right to modify, suspend or terminate the option at any time without further notice, including the right to increase the

reduced sales charge applicable to this option (but not in excess of $5 more per unit than the corresponding fee then charged for a unit of an Exchange Trust which is being exchanged).

For example, assume that a Unit Holder, who has three units of a Trust with a 4.25% sales charge and a current price (offering side evaluation plus accrued interest) of $1,100 per unit, sells his units and exchanges the proceeds for units of series of an Exchange Trust with a current price of $950 per unit and an ordinary sales charge of 4.25%. The proceeds from the Unit Holder's units will aggregate $3,300. Since only whole units of an Exchange Trust may be purchased under the Exchange Option, the Holder would be able to acquire four units in the Exchange Trust for a total cost of $3,860 ($3,800 for units and $60 for the $15 per unit sales charge) by adding an extra $560 in cash. Were the Unit Holder to acquire the same number of units at the same time in the regular secondary market maintained by the Sponsor, the price would be $3,968.68 [$3,800 for the units and $168.68 for the 4.25% sales charge (4.439% of the net amount invested)].

Tax Consequences

An exchange of Units pursuant to the Exchange Option for units of an Exchange Trust will generally constitute a ``taxable event'' under the Code, i.e., a Unit Holder will recognize a gain or loss at the time of the exchange. However, an exchange of Units of this series of the Prudential Unit Trusts for units of any other series of Exchange Trusts which are grantor trusts for U.S. federal income tax purposes will not constitute a taxable event to the extent that the underlying Securities in each trust do not differ materially either in kind or in extent. Unit Holders are urged to consult their own tax advisors as to the tax consequences to them of exchanging Units in particular cases.

REINVESTMENT PROGRAM

Distributions of interest and principal, if any, are made to Unit Holders monthly. The Unit Holder will have the option of either receiving his monthly income check from the Trustee or participating in the following reinvestment program offered by the Sponsor: the Prudential Tax-Free Money Fund, a no-load, open-end diversified management investment company whose investment objective is to attain for investors the highest level of current income that is exempt from Federal income taxes, consistent with liquidity and the preservation of capital. Participation in the reinvestment program is conditioned on such program's lawful qualification for sale in the jurisdiction in which the Unit Holder resides. There can be no assurance, however, that such qualification will be obtained. Upon enrollment in a reinvestment program, the Trustee will direct monthly interest distributions and principal distributions, if any, to the fund. The Prudential Tax-Free Money Fund invests in short-term tax-exempt debt securities of state and local governments. The appropriate prospectus will be sent to the Unit Holder upon his request. A Unit Holder's election to participate in a reinvestment program will apply to all Units of a Trust owned by such Unit Holder. The Unit Holder should read the prospectus for the reinvestment program carefully before deciding to participate.

EXPENSES AND CHARGES

Fees

The Portfolio supervision fee (the ``Supervision Fee''), which is earned for Portfolio supervisory services, is based upon the aggregate face amount of the Securities in a Trust at the beginning of each calendar year.

The Supervision Fee, which is not to exceed the amount set forth in Part A--``Summary of Essential Information'' per $1,000 face amount of Securities in a Trust, may exceed the actual costs of providing Portfolio supervisory services for such Trust, but at no time will the total amount the Sponsor receives for Portfolio supervisory services rendered to all series of the Prudential Unit Trusts in any calendar year exceed the aggregate cost to it and/or an affiliate thereof of supplying such services in such year. For a description of the Portfolio supervisory services to be provided by the Sponsor and/or an affiliate thereof, see ``Sponsor--Responsibility.'' The Supervision Fee will be paid to the Sponsor by a Trust. The Prudential Insurance Company of America, the indirect parent of the Sponsor, or a division or subsidiary thereof, has agreed to advise the Sponsor regarding the Sponsor's Portfolio supervisory services and will be compensated by the Sponsor for such advisory services.

For its services as Trustee under the Indenture, the Trustee receives an annual fee in an amount set forth under Part A-- ``Summary of Essential Information.''

For each evaluation of the Securities in each Trust, the Evaluator will receive a fee in the amount set forth under Part A--``Summary of Essential Information.''

The Supervision Fee accrues quarterly but is paid annually, and the Trustee's fees and the Evaluator's fees are payable monthly on or before each Distribution Date from the Interest Account, to the extent funds are available, and thereafter from the Principal Account. Any of such fees may be increased without approval of the Unit Holders in proportion to increases under the classification ``All Services Less Rent'' in the Consumer Price Index published by the United States Department of Labor. The Trustee also receives benefits to the extent that it holds funds on deposit in various non-interest bearing accounts created under the Indenture.

Other Charges

The following additional charges are or may be incurred by a Trust as more fully described in the Indenture: (a) fees of the Trustee for extraordinary services, (b) expenses of the Trustee (including legal and auditing expenses) and of counsel designated by the Sponsor, (c) various governmental charges, (d) expenses and cost of any action taken by the Trustee to protect a Trust and the rights and interests of the Unit Holders, (e) indemnification of the Trustee for any losses, liabilities or expenses incurred by it in the administration of a Trust without gross negligence, bad faith, willful misfeasance or willful misconduct on its part or reckless disregard of its obligations and duties, (f) indemnification of the Sponsor for any losses, liabilities and expenses incurred in acting as Sponsor or Depositor under the Indenture without gross negligence, bad faith, willful misfeasance or willful misconduct or reckless disregard of its obligations and duties, (g) expenditures incurred in contacting Unit Holders upon termination of a Trust, and (h) to the extent then lawful expenses (including legal, auditing and printing expenses) of maintaining registration or qualification of the Units and/or a Trust under Federal or state securities laws subsequent to initial registration so long as the Sponsor is maintaining a market for the Units.

The fees and expenses set forth herein are payable out of such Trust and when so paid by or owing to the Trustee are secured by a lien on such Trust. If the balances in the Interest and Principal Accounts are insufficient to provide for amounts payable by a Trust, the Trustee has the power to sell Securities to pay such amounts. To the extent Securities are sold, the size of such Trust will be reduced and the proportions of the types of Securities will change. Such sales might be required at a time when Securities would not otherwise be sold and might result in lower prices than might otherwise be realized. Moreover, due to the minimum principal amount in which Securities may be required to be sold, the proceeds of such sales may exceed the amount necessary for the payment of such fees and expenses.

RIGHTS OF UNIT HOLDERS

Certificates

Ownership of Units is evidenced by registered certificates executed by the Trustee and the Sponsor. Certificates are transferable by presentation and surrender to the Trustee properly endorsed or accompanied by a written instrument or instruments of transfer.

Certificates may be issued in denominations of one Unit or any multiple thereof. A Unit Holder may be required to pay $2.00 per certificate reissued or transferred, and will be required to pay any governmental charge that may be imposed in connection with each such transfer or interchange. For new certificates issued to replace destroyed, stolen or lost certificates, the Unit Holder must furnish indemnity satisfactory to the Trustee and must pay such expenses as the Trustee may incur. Mutilated certificates should be surrendered to the Trustee for replacement.

Distribution of Interest and Principal

Interest and principal received by a Trust will be distributed on each monthly Distribution Date on a pro rata basis to Unit Holders of record as of the preceding Record Date. All distributions will be net of applicable expenses and funds required for the redemption of Units and, if applicable, reimbursements to the Trustee for interest payments advanced to Unit Holders on previous monthly Distribution Dates (See Part A--``Summary of Essential Information'', ``Expenses and Charges'' and ``Rights of Unit Holders--Redemption''.)

The Trustee will credit to the Interest Account all interest received by a Trust, including that part of the proceeds of any disposition of Securities which represents accrued interest. Other receipts will be credited to the Principal Account. The pro rata share of the Interest Account and the pro rata share of cash in the Principal Account represented by each Unit will be computed by the Trustee each month as of the Record Date. (See Part A--``Summary of Essential Information.'') Proceeds received from the disposition of any of the Securities subsequent to a Record Date and prior to the next succeeding Distribution Date will be held in the Principal Account and will not be distributed until the following Distribution Date. The distribution to Unit Holders 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 one-twelfth of such Unit Holders' pro rata share of the estimated annual income to be credited to the Interest Account after deducting estimated expenses (the ``Monthly Interest Distribution'') plus such Unit Holders' pro rata share of the cash balance in the Principal Account computed as of the close of business on the preceding Record Date. Persons who purchase Units between a Record Date and a Distribution Date will receive their first distribution on the second Distribution Date following their purchase of Units. No distribution need be made from the Principal Account if the balance therein is less than an amount sufficient to distribute $1.00 per Unit. The Monthly Interest Distribution per Unit initially will be in the amount shown under Part A--``Summary of Essential Information'' and will change as the expenses of the Trust change and as Securities are exchanged, redeemed, paid down or sold.

Normally, interest on the Securities in the Portfolio is paid on a semiannual basis. Because interest is not received by a Trust at a constant rate throughout the year, any monthly interest distribution may be more or less than the amount credited to the Interest Account as of the Record Date. In order to eliminate fluctuations in monthly interest distributions resulting from such variances, the Trustee is required by the Indenture to advance such amounts as may be necessary to provide monthly interest distributions of approximately equal amounts. The Trustee will be reimbursed, without interest, for any such advances from funds available from the Interest Account on the next ensuing Record Date or Record Dates, as the case may be. If all or a portion of the Securities for which advances have been made subsequently fail to pay interest when due, the Trustee may recoup advances made by it in anticipation of receipt of interest payments on such Securities by reducing the amount otherwise distributable per Unit with respect to one or more Monthly Interest Distributions. If Units are redeemed subsequent to such advances by the Trustee, but prior to receipt by the Trustee of actual notice of such failure to pay interest, the amount of which was so advanced by the Trustee, each remaining Unit Holder will be subject to a greater pro rata reduction in his Monthly Interest Distribution than would have occurred absent such redemptions. Funds which are available for future distributions, payments of expenses and redemptions are in accounts which are non-interest bearing to Unit Holders and are available for use by United States Trust Company of New York, pursuant to normal banking procedures. In addition, because of the varying interest payment dates of the Securities comprising a Trust's Portfolio, accrued interest at any point in time will be greater than the amount of interest actually received by such Trust and distributed to Unit Holders. Therefore, there will always remain an item of accrued interest that is added to the value of the Units. If a Unit Holder sells all or a portion of his Units a portion of his sale proceeds will be allocable to his proportionate share of the accrued interest. Similarly, if a Unit Holder redeems all or a portion of his Units, the Redemption Price per Unit which he is entitled to receive from the Trustee will include accrued interest. (See ``Rights of Unit Holders--Redemption--Computation of Redemption Price per Unit''.)

As of the tenth day of each month the Trustee will deduct from the Interest Account and, to the extent funds are not sufficient therein, from the Principal Account, amounts necessary to pay the expenses of a Trust. (See ``Expenses and Charges''.) 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 a Trust. Amounts so withdrawn shall not be considered a part of such Trust's assets for purposes of determining the amount of distributions 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 such amounts as may be necessary to cover redemption of Units by the Trustee. (See ``Rights of Unit Holders--Redemption''.) The Trustee is also entitled to withdraw from the Interest Account, and, to the extent funds are not sufficient therein, from the Principal Account, on one or more Record Dates as may be appropriate, amounts sufficient to recoup advances which it has made in anticipation of the receipt by a Trust of interest in respect of Securities which subsequently fail to pay interest when due.

Reports and Records

The Trustee shall furnish Unit Holders 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. In the event that the Issuer of any of the Securities fails to make payment when due of any interest or principal and such failure results in a change in the amount which would otherwise be distributed as a monthly distribution, the Trustee will, with the first such distribution following such failure, set forth in an accompanying statement, the Issuer and the Securities, the amount of the reduction in the distribution per Unit resulting from such failure, the percentage of the aggregate face amount of Securities which such Security represents and, to the extent then determined, information regarding any disposition or legal action with respect to such Security. Within a reasonable time after the end of each calendar year, the Trustee will furnish to each person who at any time during the calendar year was a Unit Holder of record, a statement (1) as to the Interest Account: interest received (including amounts representing interest received upon any disposition of Securities), and, if the Issuers of the Securities are located in different states or territories, the percentage of such interest by such states or

territories, deductions for payment of applicable taxes and for fees and expenses of the Trusts, 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 oustanding on the last business day of such calendar year; (2) as to the Principal Account: the dates of disposition of any Securities and the net proceeds received therefrom (excluding any portion representing interest), deductions for payments of applicable taxes and for fees and expenses of the Trusts and 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) a list of the Securities held and the number of Units 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) amounts actually distributed during such calendar year from the Interest Account and from the Principal Account, separately stated, expressed both as total dollar amounts and as dollar amounts representing the pro rata share of each Unit outstanding on the last business day of such calendar year. The accounts of the Trusts shall be audited not less frequently than annually by independent certified public accountants designated by the Sponsor, and the report of such accountants will be furnished by the Trustee to Unit Holders upon request.

The Trustee shall keep available for inspection by Unit Holders at all reasonable times during usual business hours, books of record and account of its transactions as Trustee including records of the names and addresses of Unit

Holders, certificates issued or held, a current list of Securities in the portfolio and a copy of the Indenture.

Redemption

Tender of Units

Units may be tendered to the Trustee for redemption at its unit investment trust office at 770 Broadway, New York, New York 10003, upon payment of any relevant tax. At the present time there are no specific taxes related to the redemption of the Units. No redemption fee will be charged by the Sponsor or the Trustee. Units redeemed by the Trustee will be cancelled.

Certificates for Units to be redeemed must be properly endorsed or accompanied by a written instrument of transfer, although redemptions without the necessity of certificate presentation will be effected for record Unit Holders for whom Certificates have not been issued. Unit Holders must sign exactly as their name appears on the face of the Certificate with the signature guaranteed by an officer of a national bank or trust company or by a member firm of either the New York, Midwest or Pacific Stock Exchanges. 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.

Within seven calendar days 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 tendered equal to the Redemption Price per Unit computed as of the Evaluation Time set forth in the ``Summary of Essential Information'' in Part A on the date of tender. (See ``Redemption--Computation of Redemption Price per Unit''.) 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. For information relating to the purchase by the Sponsor of Units tendered to the Trustee for redemption at prices which may, in certain circumstances, be in excess of the Redemption Price, see ``Redemption--Purchase by the Sponsor of Units Tendered for Redemption''.

Accrued interest paid on redemption shall be withdrawn from the Interest Account, or, if the balance therein is insufficient, from the Principal Account. All other amounts paid on redemption shall be withdrawn from the Principal Account. The Trustee is empowered to sell Securities in order to make funds available for redemption. Such sales, if required, could result in a sale of Securities by the Trustee at a loss. To the extent Securities are sold, the size and diversity of a Trust will be reduced.

The Trustee reserves the right to suspend the right of redemption and to postpone the date of payment of the Redemption Price per Unit for any period during which the New York Stock Exchange is closed, other than weekend and holiday closings, or trading on that Exchange is restricted or during which (as determined by the Securities and Exchange Commission by rule or regulation) an emergency exists as a result of which disposal or evaluation of the underlying Securities is not reasonably practicable, or for such other periods as the Securities and Exchange Commission has by order permitted. The Trustee is not liable to any person or in any way for any loss or damage that may result from any such suspension or postponement.

Computation of Redemption Price per Unit

The Redemption Price per Unit is determined by the Trustee on the basis of the bid prices of the Securities in a Trust (or contracts for Securities to be acquired by a Trust) as of the Evaluation Time on the date any such determination is made. The Redemption Price per Unit is each Unit's pro rata share, determined by the Trustee, of: (1) the aggregate value of the Securities in a Trust (or contracts for Securities to be acquired by the Trust) on the bid side of the market (determined by the Evaluator as set forth below), (2) cash on hand in the Trust and accrued and unpaid interest on the Securities as of the date of computation, less (a) amounts representing taxes or governmental charges payable out of a Trust, (b) the accrued expenses of a Trust, and (c) cash held for distribution to Unit Holders of record as of a date prior to the evaluation. Accrued interest payable in respect to the Units from the date of tender to, but not including, the fifth business day thereafter also comprises a part of the Redemption Price per Unit. The Evaluator may determine the value of the Securities in a Trust (1) on the basis of current bid prices for the Securities (2) if bid prices are not available for any Securities, on the basis of current bid prices for comparable Securities, (3) by appraisal, or (4) by any combination of the above. Among the additional factors which will be considered in determining the value of any Restricted Securities are (i) an estimate of the existence and extent of any available market therefor, (ii) the estimated period of time during which such Securities will not be freely marketable, (iii) the estimated expenses of qualifying such Securities for public sale, if required (iv) estimated underwriting commissions, if any, and (v) any credit or other factors affecting the issuer or the guarantor of such Securities.

Purchase by the Sponsor of Units Tendered for Redemption

The Indenture requires that the Trustee notify the Sponsor of any tender of Units for redemption. So long as the Sponsor is maintaining a bid in the secondary market, the Sponsor, prior to the close of business on the second succeeding business day, will purchase any Units tendered to the Trustee for redemption at the price so bid by making payment therefor to the Unit Holder in an amount not less than the Redemption Price not later than the day on which the Units would otherwise have been redeemed by the Trustee. (See ``Public Offering of Units--Secondary Market''.) Units held by the Sponsor may be tendered to the Trustee for redemption as any other Units. The price of any Units resold by the Sponsor will be the Public Offering Price determined in the manner provided in this Prospectus. (See ``Public Offering of Units--Public Offering Price''.) Any profit resulting from the resale of such Units will belong to the Sponsor which likewise will bear any loss resulting from a lower resale or redemption price subsequent to its acquisition of such Units. (See ``Public Offering of Units--Profit of Sponsor''.)

SPONSOR

Prudential Securities Incorporated is a Delaware corporation and is engaged in the underwriting, securities and commodities brokerage business and is a member of the New York Stock Exchange, Inc., other major securities exchanges and commodity exchanges and the National Association of Securities Dealers, Inc. Prudential Securities Incorporated, a wholly-owned subsidiary of Prudential Securities Group Inc. and an indirect wholly-owned subsidiary of The Prudential Insurance Company of America, is engaged in the investment advisory business. Prudential Securities Incorporated has acted as principal underwriter and managing underwriter of other investment companies. In addition to participating as a member of various selling groups or as an agent of other investment companies, Prudential Securities Incorporated executes orders on behalf of investment companies for the purchase and sale of securities of such companies and sells securities to such companies in its capacity as a broker or dealer in securities.

Prudential Securities Incorporated is distributor for Prudential Government Securities Trust (Intermediate Term Series), The Target Portfolio Trust and for Class B shares of The BlackRock Government Income Trust, Global Utility Fund, Inc., Nicholas-Applegate Fund, Inc. (Nicholas-Applegate Growth Equity Fund), Prudential Adjustable Rate Securities Fund, Inc., Prudential California Municipal Fund (California Series), Prudential Equity Fund, Prudential Equity Income Fund, Prudential FlexiFund, Prudential Global Fund, Prudential Global Genesis Fund, Prudential Global Natural Resources Fund, Prudential GNMA Fund, Prudential Government Plus Fund, Prudential Growth Opportunity Fund, Prudential High Yield Fund, Prudential IncomeVertibleR Plus Fund, Inc., Prudential Intermediate Global Income Fund, Inc., Prudential Multi-Sector Fund, Inc., Prudential Municipal Bond Fund, Prudential Municipal Series Fund, Prudential National Municipals Fund, Prudential Pacific Growth Fund, Inc., Prudential Short-Term Global Income Fund, Prudential Strategic Income Fund, Prudential Total Return Fund, Prudential U.S. Government Fund and Prudential Utility Fund.

Limitations on Liability

The Sponsor is liable for the performance of its obligations arising from its responsibilities under the Indenture, but will be under no liability to Unit Holders for taking any action or refraining from any action in good faith or for errors in

judgment or be liable or responsible in any way for depreciation or loss incurred by reason of the sale of any Securities, except in case of willful misfeasance, bad faith, gross negligence or reckless disregard for its obligations and duties. (See ``Sponsor-Responsibility''.)

Responsibility

The Indenture permits the Sponsor to direct the Trustee to dispose of any Security in a Trust upon the happening of certain events, including without limitation, the following:

1. Default in the payment of principal or interest on any of the Securities when due and payable,

2. Institution of legal proceedings seeking to restrain or enjoin the payment of any of the Securities or attacking their validity,

3. A breach of covenant or warranty which could adversely affect the payment of debt service on the Securities,

4. Default in the payment of principal or interest on any other outstanding obligations of the same Issuer of any of the Securities,

5. In the case of Securities that are revenue bonds, a fall in revenues, based upon official reports, substantially below the estimated revenues calculated to be necessary to pay principal and interest,

6. A decline in market price to such an extent, or such other market or credit factor, as in the opinion of the Sponsor would make retention of any of the Securities detrimental to a Trust and to the interests of the Unit Holders,

7. Refunding or refinancing of any Security, as set forth in the Indenture, or

8. The loss of Federal income tax exemption with respect to interest on the Securities.

The Sponsor and/or an affiliate thereof intend to continuously monitor developments affecting the Securities in each Trust in order to determine whether the Trustee should be directed to dispose of any such Securities.

It is the responsibility of the Sponsor to instruct the Trustee to reject any offer made by an Issuer of any of the Securities to issue new obligations in exchange and substitution for any Securities 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 Securities or in the judgment of the Sponsor the Issuer will probably default in respect to such Securities in the foreseeable future.

Any obligations so received in exchange or substitution will be held by the Trustee subject to the terms and conditions of the Indenture to the same extent as Securities originally deposited thereunder. Within five days after the deposit of obligations in exchange or substitution for any of the underlying Securities, the Trustee is required to give notice thereof to each Unit Holder, identifying the Securities eliminated and the Securities substituted therefor. Except as stated in this and the preceding paragraph, the acquisition by a Trust of any securities other than the Securities initially deposited is prohibited.

Resignation

If any time the Sponsor shall resign under the Indenture or shall fail to perform or be incapable of performing its duties thereunder or shall become bankrupt or its affairs are taken over by public authorities, the Indenture directs the Trustee to either (1) appoint a successor Sponsor or Sponsors at rates of compensation deemed reasonable by the Trustee not exceeding amounts prescribed by the Securities and Exchange Commission, or (2) terminate the Trust. The Trustee will promptly notify Unit Holders of any such action.

TRUSTEE

The Trustee is United States Trust Company of New York, with its principal place of business at 114 West 47th Street, New York, New York 10036 and a unit investment trust office at 770 Broadway, New York, New York 10003. United States Trust Company of New York has, since its establishment in 1853, engaged primarily in the management of trust and agency accounts for individuals and corporations. The Trustee is a member of the New York Clearing House Association and is subject to supervision and examination by the Superintendent of Banks of the State of New York, the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System. In connection with the storage and handling of certain Securities deposited in a Trust, the Trustee may use the services of The Depository Trust Company. These

services may include safekeeping of the Securities and coupon-clipping, computer book-entry transfer and institutional delivery services. The Depository Trust Company is a limited purpose trust company organized under the Banking Law of the State of New York, a member of the Federal Reserve System and a clearing agency registered under the Securities Exchange Act of 1934.

Limitations on Liability

The Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of the disposition of any moneys, Securities or Certificates or in respect of any evaluation or for any action taken in good faith reliance on prima facie properly executed documents except in cases of willful misfeasance, bad faith, gross negligence or reckless disregard for its obligations and duties. In addition, the Indenture provides that the Trustee shall not be personally liable for any taxes or other governmental charges imposed upon or in respect of each Trust which the Trustee may be required to pay under current or future laws of the United States or any other authority having jurisdiction.

Responsibility

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'' and ``Sponsor--Resignation''.

Resignation

By executing an instrument in writing and filing the same with the Sponsor, the Trustee and any successor may resign. In such an event the Sponsor is obligated to appoint a successor trustee as soon as possible. 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. The Sponsor may also remove the Trustee for any other reason that the Sponsor determines to be in the best interest of the Unit Holders. Such resignation or removal shall become effective upon the acceptance of appointment by the successor trustee. If upon resignation of a trustee no successor has been appointed and has accepted the appointment within thirty 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.

EVALUATOR

The Evaluator is Kenny S&P Evaluation Services, a division of Kenny Information Systems, Inc., with main offices located at 65 Broadway, New York, New York 10006.

Limitations on Liability

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, the Sponsor, or Unit Holders for errors in judgment. But this provision shall not protect the Evaluator in cases of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties.

Responsibility

The Indenture requires the Evaluator to evaluate the Securities on the basis of their bid prices on the last business day of June and December in each year, on the day on which any Unit is tendered for redemption and on any other day such evaluation is desired by the Trustee or is requested by the Sponsor.

Resignation

The Evaluator may resign or may be removed by the Sponsor, and in such event, the Sponsor is to use its best efforts to appoint a satisfactory successor. Such resignation or removal shall become effective upon the acceptance of appointment by a 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.

AMENDMENT AND TERMINATION OF THE INDENTURE

Amendment

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 interests of the Unit Holders; provided, that the Indenture may also be amended by the Sponsor and the Trustee (or the performance of any of the provisions of the Indenture may be waived) with the consent of Unit Holders evidencing 51% of the Units of a Trust at the time outstanding for the purposes of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of Unit Holders. In no event, however, shall the Indenture be amended to increase the number of Units issuable thereunder, to permit the deposit or acquisition of securities or other property either in addition to or in substitution for any of the Securities initially deposited in a Trust, except for the substitution of certain refunding securities for such Securities as initially provided in the Indenture, or to provide the Trustee with the power to engage in business or investment activities not specifically authorized in the Indenture as originally adopted or so as to adversely affect the characterization of a Trust as a grantor trust for

Federal income tax purposes. In the event of any amendment, the Trustee is obligated to notify promptly all Unit Holders of the substance of such amendment.

Termination

A Trust may be terminated at any time by the consent of the holders of 51% of the Units or by the Trustee upon the direction of the Sponsor when the value of the Trust as shown on the last business day of June or December in any year is less than 40% of the principal amount of the Securities initially deposited therein. However, in no event may a Trust continue beyond the Mandatory Termination Date set forth under Part A--``Summary of Essential Information.'' In the event of termination, written notice thereof will be sent by the Trustee to all Unit Holders. Within a reasonable period after termination, the Trustee will sell any Securities remaining in the Trust, and, after paying all expenses and charges incurred by such Trust, will distribute to each Unit Holder, upon surrender for cancellation of his Certificate for Units, his pro rata share of the balances remaining in the Interest and Principal Accounts. The sale of Securities in a Trust upon termination may result in a lower amount than might otherwise be realized if such sale were not required at such time. For this reason, among others, the amount realized by a Unit Holder upon termination may be less than the principal amount of Securities represented by the Units held by such Unit Holder.

LEGAL OPINIONS

Certain legal matters in connection with the Units offered hereby have been passed upon by Messrs. Cahill Gordon & Reindel, a partnership including a professional corporation, 80 Pine Street, New York, New York 10005, as special counsel for the Sponsor.

AUDITORS

The financial statements included in this Prospectus have been examined by Deloitte & Touche, certified public accountants, as stated in their report appearing herein, and are included in reliance upon such report given upon the authority of that firm as experts in accounting and auditing.

BOND RATINGS+

All ratings except those identified otherwise are by Standard & Poor's Corporation.

Standard & Poor's Corporation

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 of creditworthiness may take into consideration obligors such as guarantors, insurers, or lessees.

The bond rating is not a recommendation to purchase, or sell 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 to Standard & Poor's by the issuer and obtained by Standard & Poor's from other sources it considers reliable. The ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, such information.

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

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

II. Nature of and provisions of the obligation; and

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

AAA--This is the highest rating assigned by Standard & Poor's to a debt obligation and indicates an extremely strong capacity to pay interest and repay principal.

AA--Bonds rated AA have a very strong capacity to pay interest and repay principal, and in the majority of instances they differ from AAA issues only in small degrees.

A--Bonds rated A have a strong capacity to pay interest and repay principal, although they are somewhat more susceptible to the adverse affects 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 the higher-rated categories.

BB, B, CCC, CC, C--Debt rated BB, B, CCC, CC and C is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates the lowest degree of speculation and C the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

Debt rated D is in payment default. The D rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period.

Plus (+) or Minus (-): To provide more detailed indications of credit quality, the ratings from ``AA'' to ``CCC'' may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Provisional Ratings: The letter ``p'' following a rating indicates the rating is provisional. A provisional rating assumes the successful completion of the project being financed by the issuance of 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, makes no comment on the likelihood of, or the risk of default upon failure of, such completion. Accordingly, the investor should exercise his own judgment with respect to such likelihood and risk.

Bond Investment Quality Standards: Under present commercial bank regulations issued by the Comptroller of the Currency, bonds rated in the top four categories (AAA, AA, A, BBB, commonly known as ``Investment Grade'' ratings) are generally regarded as eligible for bank investment. In addition, the Legal Investment Laws of various states impose certain rating or other standards for obligations eligible for investment by savings banks, trust companies, insurance companies and fiduciaries generally.

Moody's Investors Service

A brief description of the applicable Moody's Investors Service's rating symbols and their meanings is as follows:

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+As described by the rating agencies.

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

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

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

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

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

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

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

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

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

Note: Those municipal bonds in the Aa, A, Baa, Ba and B groups which Moody's believes possess the strongest investment attributes are designated by the symbols Aa1, A1, Baa1, Ba1 and B1. In addition, Moody's applies numerical modifiers, 1, 2, and 3 in each generic rating classification from Aa through B in its corporate bond rating system. The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category. Although Industrial Revenue Bonds and Environmental Control Revenue Bonds are tax-exempt issues, they are included in the corporate bond rating system.

Conditional ratings, indicated by ``Con'' are given to bonds for which the security depends upon the completion of some act or the fulfillment of some condition. These are bonds secured by (a) earnings of projects under construction, (b) earnings of projects unseasoned in operating experience, (c) rentals which begin when facilities are completed, or (d) payments to which some other limiting condition attaches. A parenthetical rating denotes probable credit stature upon completion of construction or elimination of basis of condition.

Fitch Investors Service, Inc.

A brief description of the applicable Fitch Investors Service Inc. rating symbols and their meanings is as follows:

AAA--Bonds which are considered to be investment grade and of the highest credit quality. The obligor has an exceptionally strong ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events.

AA--Bonds which are considered to be investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is very strong although not quite as strong as bonds rated AAA.

A--Bonds which are considered to be investment grade and of high credit quality. The obligor's ability to pay interest and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings.

BBB--Bonds which are considered to be investment grade and of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these bonds and therefor impair timely payment. The likelihood that these bonds will fall below investment grade is higher than for bonds with higher ratings.

BB--Bonds are considered to be speculative. The obligor's ability to pay interest and repay principal may be affected over time by adverse economic changes. However, business and financial alternatives can be identified which could assist the obligor in satisfying its debt service requirements.

B--Bonds are considered highly speculative. While bonds in this class are currently meeting debt service requirements, the probability of continued timely payment of principal and interest reflects the obligor's limited margin of safety and the need for reasonable business and economic activity throughout the life of the issue..

CCC--Bonds have certain identifiable characteristics which, if not remedied, may lead to default. The ability to meet obligations requires an advantageous business and economic environment.

CC--Bonds are minimally protected. Default in payment of interest and/or principal seems probable over time.

C--Bonds are in imminent default in payment of interest or principal.

DDD, DD, D--Bonds are in default on interest and/or principal payments. Such bonds are extremely speculative and should be valued only on the basis of their value in liquidation or reorganization of the obligor. ``DDD'' represents the highest potential recovery on these bonds, and ``D'' represents the lowest potential for recovery.

Plus (+) Minus (-)--Plus and minus signs are used with a rating symbol to indicate the relative position of a credit within the rating category. Plus and minus signs, however, are not used in the AAA, DDD, DD or D categories.

Conditional--A conditional rating is promised on the successful completion of a project or the occurrence of a specific event.

Suspended--A rating is suspended when Fitch deems the amount of information available from the issuer to be inadequate for rating purposes.

Withdrawn--A rating will be withdrawn when an issue matures or is called or refinanced, and, at Fitch's discretion, when an issuer fails to furnish proper and timely information.

FitchAlert--Ratings are placed on FitchAlert to notify investors of an occurrence that is likely to result in a rating change and the likely direction of such change. These are designated as ``Positive'', indicating a potential upgrade, ``Negative'', for potential downgrade, or ``Evolving'', where ratings may be raised or lowered. FitchAlert is relatively short-term, and should be resolved within 12 months.

Credit Trend--Credit trend indicators show whether credit fundamentals are improving, stable, declining, or uncertain, as follows:

Improving	up arrow
Stable	left/right arrow
Declining	down arrow
Uncertain	up/down arrow

Credit indicators are not predictions that any rating change will occur, and have a longer term time frame than issues placed on FitchAlert.

NR--Not rated (credit characteristics comparable to B or better as determined by the Sponsor's affiliate on the Date of Deposit) indicates, among other things, that no rating has been requested, that there is insufficient information on which to base a rating or that Standard & Poor's Corporation, Moody's Investors Service and Fitch Investors Service, Inc. do not rate a particular type of obligation as a matter of policy. Subsequent to the Date of Deposit the credit characteristics of the Issuers of the Securities may have changed. Currently, certain of the Securities in the Portfolio of a Trust may be unrated and have credit characteristics comparable to securities rated below B. See Part A-- ``Schedule of Portfolio Securities'' to ascertain the ratings on the Securities, if any, on the date of the Schedule of Portfolio Securities.