

SECURITIES AND EXCHANGE COMMISSION

FORM S-6EL24/A

Registration statements of unit investment trusts [amend]

Filing Date: **1994-01-21**  
SEC Accession No. **0000950115-94-000018**

(HTML Version on [secdatabase.com](http://secdatabase.com))

**FILER**

**EQUITY SECURITIES TRUST SR 4 SIGNAT SR GABELLI VAL & TREA TR**

CIK: **914273** | State of Incorporation: **NY** | Fiscal Year End: **1231**  
Type: **S-6EL24/A** | Act: **33** | File No.: **033-51009** | Film No.: **94502115**

Business Address  
C/O BEARS STEARNS & CO  
INC  
245 PARK AVE  
NEW YORK NY 10167  
2122722500

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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AMENDMENT NO. 1  
TO

FORM S-6

FOR REGISTRATION UNDER THE SECURITIES ACT  
OF 1933 OF SECURITIES OF UNIT INVESTMENT  
TRUSTS REGISTERED ON FORM N-8B-2  
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A. EXACT NAME OF TRUST:

Equity Securities Trust, Series 4, EquiT's

B. NAME OF DEPOSITOR:

Bear, Stearns & Co. Inc.

C. COMPLETE ADDRESS OF DEPOSITOR'S PRINCIPAL EXECUTIVE OFFICES:

Bear, Stearns & Co. Inc.  
245 Park Avenue  
New York, New York 10167

D. NAME AND COMPLETE ADDRESS OF AGENT FOR SERVICE:

	COPY OF COMMENTS TO:
Peter J. DeMarco	MICHAEL R. ROSELLA, Esq.
Managing Director	Battle Fowler
Bear, Stearns & Co. Inc.	280 Park Avenue
245 Park Avenue	New York, New York 10017
New York, New York 10167	(212) 856-6858

E. TITLE AND AMOUNT OF SECURITIES BEING REGISTERED:

An indefinite number of Units of Equity Securities Trust, Series 4, EquiT's is being registered under the Securities Act of 1933 pursuant to Section 24(f) of the Investment Company Act of 1940, as amended, and Rule 24f-2 thereunder.

F. PROPOSED MAXIMUM AGGREGATE OFFERING PRICE TO THE PUBLIC OF THE SECURITIES BEING REGISTERED:

Indefinite

G. AMOUNT OF FILING FEE:

\$500\* (as required by Rule 24f-2)

H. APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING:

As soon as practicable after the effective date of the Registration Statement.

/ / Check if it is proposed that this filing will become effective immediately upon filing pursuant to Rule 487.

\* Previously paid.

EQUITY SECURITIES TRUST, SERIES 4  
EQUIT'S

CROSS-REFERENCE SHEET

PURSUANT TO RULE 404 OF REGULATION C  
UNDER THE SECURITIES ACT OF 1933

(FORM N-8B-2 ITEMS REQUIRED BY INSTRUCTION AS  
TO THE PROSPECTUS IN FORM S-6)

<TABLE>  
<CAPTION>

	FORM N-8B-2 ITEM NUMBER	FORM S-6 HEADING IN PROSPECTUS
	I. ORGANIZATION AND GENERAL INFORMATION	
<S>	<C>	<C>
1.	(a) Name of trust.....	Front cover of Prospectus
	(b) Title of securities issued.....	Front cover of Prospectus
2.	Name and address of each depositor.....	The Sponsor
3.	Name and address of trustee.....	The Trustee
4.	Name and address of principal underwriters.....	Distribution of Units
5.	State of organization of trust.....	Organization
6.	Execution and termination of trust agreement.....	Trust Agreement, Amendment and Termination
7.	Changes of name.....	Not Applicable
8.	Fiscal year.....	Not Applicable
9.	Litigation.....	None
	II. GENERAL DESCRIPTION OF THE TRUST AND SECURITIES OF THE TRUST	
10.	(a) Registered or bearer securities.....	Certificates
	(b) Cumulative or distributive securities.....	Interest and Principal Distributions
	(c) Redemption.....	Trustee Redemption
	(d) Conversion, transfer, etc.....	Certificates, Sponsor's Repurchase, Trustee Redemption
	(e) Periodic payment plan.....	Not Applicable
	(f) Voting rights.....	Trust Agreement, Amendment and Termination
	(g) Notice to certificateholders.....	Records, Portfolio, Substitution of Securities, Trust Agreement, Amendment and Termination, The Sponsor, The Trustee
	(h) Consents required.....	Trust Agreement, Amendment and Termination
	(i) Other provisions.....	Tax Status
11.	Type of securities comprising units.....	Objectives, Portfolio, Portfolio Summary
12.	Certain information regarding periodic payment certificates.....	Not Applicable
13.	(a) Load, fees, expenses, etc.....	Summary of Essential Information, Public Offering Price, Market for Units, Volume and Other Discounts, Sponsor's Profits, Trust Expenses and Charges
	(b) Certain information regarding periodic payment certificates.....	Not Applicable
	(c) Certain percentages.....	Summary of Essential Information, Public Offering Price, Market for Units, Volume and Other Discounts

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	FORM N-8B-2 ITEM NUMBER	FORM S-6 HEADING IN PROSPECTUS
<S>	<C>	<C>
	(d) Price differences.....	Volume and Other Discounts, Distribution of Units
	(e) Other loads, fees, expenses.....	Certificates
	(f) Certain profits receivable by depositors, principal underwriters, trustee or affiliated persons.....	Sponsor's Profits, Portfolio Summary
	(g) Ratio of annual charges to income.....	Not Applicable

14. Issuance of trust's securities.....	Organization, Certificates
15. Receipt and handling of payments from purchasers.....	Organization
16. Acquisition and disposition of underlying securities.....	Organization, Objectives, Portfolio, Portfolio Supervision
17. Withdrawal or redemption.....	Comparison of Public Offering Price, Sponsor's Repurchase Price and Redemption Price, Sponsor's Repurchase, Trustee Redemption
18. (a) Receipt, custody and disposition of income.....	Distributions, Dividend and Principal Distributions, Portfolio Supervision
(b) Reinvestment of distributions.....	Not Applicable
(c) Reserves or special funds.....	Dividend and Principal Distributions
(d) Schedule of distributions.....	Not Applicable
19. Records, accounts and reports.....	Records
20. Certain miscellaneous provisions of trust agreement.....	
(a) Amendment.....	Trust Agreement, Amendment and Termination
(b) Termination.....	Trust Agreement, Amendment and Termination
(c) and (d) Trustee, removal and successor.....	The Trustee
(e) and (f) Depositor, removal and successor.....	The Sponsor
21. Loans to security holders.....	Not Applicable
22. Limitations on liability.....	The Sponsor, The Trustee, The Evaluator
23. Bonding arrangements.....	Part II - Item A
24. Other material provisions of trust agreement.....	Not Applicable
III. ORGANIZATION, PERSONNEL AND AFFILIATED PERSONS OF DEPOSITOR	
25. Organization of depositor.....	The Sponsor
26. Fees received by depositor.....	Not Applicable
27. Business of depositor.....	The Sponsor
28. Certain information as to officials and affiliated persons of depositor.....	Not Applicable
29. Voting securities of depositor.....	Not Applicable
30. Persons controlling depositor.....	Not Applicable
31. Payments by depositor for certain services rendered to trust.....	Not Applicable
32. Payments by depositor for certain other services rendered to trust.....	Not Applicable
33. Remuneration of employees of depositor for certain services rendered to trust.....	Not Applicable

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FORM N-8B-2 ITEM NUMBER	FORM S-6 HEADING IN PROSPECTUS
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<S>	<C>
34. Remuneration of other persons for certain services rendered to trust.....	Not Applicable
IV. DISTRIBUTION AND REDEMPTION OF SECURITIES	
35. Distribution of trust's securities by states.....	Distribution of Units
36. Suspension of sales of trust's securities.....	Not Applicable
37. Revocation of authority to distribute.....	None
38. (a) Method of distribution.....	Distribution of Units
(b) Underwriting agreements.....	Distribution of Units
(c) Selling agreements.....	Distribution of Units
39. (a) Organization of principal underwriters.....	The Sponsor
(b) N.A.S.D. membership of principal underwriters....	The Sponsor
40. Certain fees received by principal underwriters.....	The Sponsor
41. (a) Business of principal underwriters.....	The Sponsor
(b) Branch offices of principal underwriters.....	The Sponsor
(c) Salesmen of principal underwriters.....	The Sponsor
42. Ownership of trust's securities by certain persons...	Not Applicable
43. Certain brokerage commissions received by principal underwriters.....	Not Applicable
44. (a) Method of valuation.....	Summary of Essential Information, Market for Units, Offering Price, Accrued Interest, Volume and Other Discounts, Distribution of Units, Comparison of Public Offering Price, Sponsor's Repurchase Price and Redemption Price, Sponsor's Repurchase, Trustee Redemption
(b) Schedule as to offering price.....	Summary of Essential Information
(c) Variation in offering price to certain persons...	Distribution of Units, Volume and Other Discounts
45. Suspension of redemption rights.....	Not Applicable
46. (a) Redemption valuation.....	Comparison of Public Offering Price, Sponsor's Repurchase Price and Redemption Price, and Redemption Price, and Trustee Redemption
(b) Schedule as to redemption price.....	Summary of Essential Information

47. Maintenance of position in underlying securities..... Comparison of Public Offering Price, Sponsor's Repurchase Price and Redemption Price, Sponsor's Repurchase, Trustee Redemption

V. INFORMATION CONCERNING THE TRUSTEE OR CUSTODIAN

48. Organization and regulation of trustee..... The Trustee  
 49. Fees and expenses of trustee..... Trust Expenses and Charges  
 50. Trustee's lien..... Trust Expenses and Charges

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	FORM N-8B-2 ITEM NUMBER	FORM S-6 HEADING IN PROSPECTUS
<S>	<C>	<C>
	VI. INFORMATION CONCERNING INSURANCE OF HOLDERS OF SECURITIES	
51.	Insurance of holders of trust's securities.....	None
	VII. POLICY OF REGISTRANT	
52.	(a) Provisions of trust agreement with respect to selection or elimination of underlying securities.....	Objectives, Portfolio, Portfolio Supervision, Substitution of Securities
	(b) Transactions involving elimination of underlying securities.....	Not Applicable
	(c) Policy regarding substitution or elimination of underlying securities.....	Substitution of Securities
	(d) Fundamental policy not otherwise covered.....	Not Applicable
53.	Tax status of trust.....	Tax Status
	VIII. FINANCIAL AND STATISTICAL INFORMATION	
54.	Trust's securities during last ten years.....	Not Applicable
55.	Hypothetical account for issuers of periodic payment plans.....	Not Applicable
56.	Certain information regarding periodic payment certificates.....	Not Applicable
57.	Certain information regarding periodic payment plans.....	Not Applicable
58.	Certain other information regarding periodic payment plans.....	Not Applicable
59.	Financial statements (Instruction 1(c) to Form S-6)..	Statement of Financial Condition

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[LOGO] EQUITY SECURITIES TRUST SERIES 4  
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 GABELLI VALUE FUND AND U.S. TREASURIES  
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EquiT's

The Trust is a unit investment trust designated Equity Securities Trust, Series 4, EquiT's. The Sponsor is Bear, Stearns & Co. Inc. The objectives of the Trust are to seek to achieve safety of capital through investment in stripped United States Treasury issued notes or bonds paying no current interest ('Treasury Obligations') and to attempt to provide for capital appreciation through investment in shares of The Gabelli Value Fund Inc. (the 'Fund'), a non-diversified, open-end Management Investment Company (the Treasury Obligations and Fund Shares collectively, the 'Securities'). The objective of the Fund is long-term capital appreciation which the Fund attempts to achieve by investing primarily in equity securities of companies that the Fund's investment adviser, Gabelli Funds, Inc., believes are undervalued and that by virtue of anticipated developments or catalysts particularly applicable to such companies may, in the adviser's judgement, achieve significant appreciation. The allocation between the Treasury Obligations and the Fund would seek to assure that an investor purchasing units in the Trust at inception would at least receive back the original unit purchase price at the termination of the Trust from the maturity value of the Treasury Obligations. The Sponsor can not give assurance that the Trust's objectives can be achieved. There are certain risks inherent in an investment in the Fund and Treasury Obligations. See 'Special Risk Considerations' in Part A and 'Risk Factors' in Part B of this Prospectus.

Minimum Purchase: 100 Units

This Prospectus consists of two parts. Part A contains the Summary of Essential Information including descriptive material relating to the Trust, and the Statement of Condition of the Trust. Part B contains general information about the Trust. Part A may not be distributed unless accompanied by Part B.

PLEASE READ AND RETAIN BOTH PARTS OF THIS PROSPECTUS FOR FUTURE REFERENCE.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PROSPECTUS PART A DATED JANUARY 21, 1994

EQUITY SECURITIES TRUST, SERIES 4, EQUIT'S  
SUMMARY OF ESSENTIAL INFORMATION AS OF JANUARY 20, 1994\*

<TABLE>  
<S> <C>  
INITIAL DATE OF DEPOSIT: JANUARY 21, 1994  
AGGREGATE MATURITY VALUE OF TREASURY  
OBLIGATIONS INITIALLY DEPOSITED..... \$300,000  
AGGREGATE NUMBER OF FUND SHARES INITIALLY  
DEPOSITED..... 9,896  
INITIAL NUMBER OF UNITS..... 20,000  
FRACTIONAL UNDIVIDED INTEREST IN TRUST.... 1/20,000  
PUBLIC OFFERING PRICE\*\*  
Aggregate offering side evaluation of  
Treasury Obligations in Trust..... \$118,101  
Aggregate Net Asset Value of Fund Shares  
in Trust..... \$119,643  
Total..... \$237,744  
Divided By 20,000 Units (times 100).... \$1,188.72  
Plus Sales Charge of 4.9% of Public  
Offering Price per 100 Units..... \$61.24  
Public Offering Price per 100 Units++... \$1,249.96  
REDEMPTION PRICE PER 100 UNITS+++..... \$1,185.51  
SPONSOR'S INITIAL REPURCHASE PRICE PER 100  
UNITS..... \$1,188.72  
EXCESS OF PUBLIC OFFERING PRICE OVER  
REDEMPTION PRICE PER 100 UNITS..... \$64.45  
EXCESS OF SPONSOR'S INITIAL REPURCHASE  
PRICE OVER REDEMPTION PRICE PER 100  
UNITS..... \$3.21  
EVALUATION TIME: 4:00 p.m. New York Time.  
MINIMUM PRINCIPAL DISTRIBUTION: \$1.00 per 100 Units  
LIQUIDATION PERIOD: Beginning 60 days prior to the  
Mandatory Termination Date.  
MINIMUM VALUE OF TRUST: The Trust may be terminated if  
the value of the Trust is less than 40% of the  
aggregate value of the Securities at the completion  
of the Deposit Period.  
MANDATORY TERMINATION DATE: The earlier of August 15,  
2008 or the disposition of the last Security in the  
Trust.  
TRUSTEE: United States Trust Company of New York.  
TRUSTEE'S ANNUAL FEE\*\*\*: \$.93 per 100 Units  
outstanding.  
SPONSOR: Bear, Stearns & Co. Inc.  
EVALUATOR: Kenny S&P Evaluation Services  
EVALUATOR'S FEE FOR EACH EVALUATION OF TREASURY  
OBLIGATIONS: \$5.00 per evaluation.

RECORD DATE+: First of January, Annually.  
DIVIDEND DISTRIBUTION DATE+: Fifteenth of January,  
Annually.  
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\* The business day prior to the Initial Date of Deposit. The Initial Date of Deposit is the date on which the Trust Agreement was signed and the initial deposit of Securities with the Trustee made.

\*\* Per 100 Units.

\*\*\* Any Rule 12b-1 fees paid by the Fund's distributor to the Trustee for performing servicing functions with respect to the Fund Shares will be used to reduce directly the expenses and fees otherwise payable by the Trust to the Trustee and any excess will be rebated to the Trust.

+ The first distribution will be made on January 15, 1995 (the 'First Distribution Date') to all Certificateholders of record on January 1, 1995 (the 'First Record Date').

++ On the Initial Date of Deposit there will be no cash in the Income or Principal Accounts. Anyone purchasing Units after such date will have included in the Public Offering Price a pro rata share of any cash in such Accounts.

+++ Based on bid side evaluations of underlying Treasury Obligations and net asset value of the Fund Shares.

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#### THE TRUST

The Trust is a unit investment trust designated Equity Securities Trust, Series 4, EquiIT's. The Sponsor is Bear, Stearns & Co. Inc. The Trust consists of stripped United States Treasury issued notes or bonds bearing no current interest (the 'Treasury Obligations') and shares (the 'Fund Shares') of The Gabelli Value Fund Inc. (the 'Fund'), a non-diversified, open-end management investment company, or contracts and funds for the purchase thereof (the Treasury Obligations and Fund Shares, collectively, the 'Securities'). The Trust contains Treasury Obligations maturing approximately 14 years from the Date of Deposit. The objectives of the Trust are to attempt to obtain safety of capital through investment in Treasury Obligations and to attempt to provide for capital appreciation through investment in shares of the Fund. The objective of the Fund is long-term capital growth which the Fund attempts to achieve by investing primarily in equity securities of companies that the Fund's investment adviser, Gabelli Funds, Inc., believes are undervalued and that by virtue of anticipated developments or catalysts particularly applicable to such companies may, in the adviser's judgment, achieve significant appreciation. The Fund may invest in, among other things, unregistered convertible securities, securities of issuers involved in corporate reorganizations, warrants, rights, securities of foreign issuers and forward commitments for securities purchased on a 'when issued' or 'delayed delivery' basis. While the Fund may offer its shareholders an ability to reinvest distributions that are payable to such shareholders, the Trust will elect to receive all distributions declared by the Fund in cash. There is, of course, no assurance that the Trust's objectives will be achieved.

The Trust is structured to contain a sufficient amount of Treasury Obligations to insure that an initial investor will receive, at the maturity of the Trust, \$15.00 per Unit. On the Initial Date of Deposit, the Public Offering Price, including the sales charge, will be approximately \$12.50 per Unit and consequently, Certificateholders purchasing Units on such date can anticipate realizing proceeds at maturity of the Treasury Obligations greater than their

initial investment of approximately \$12.50 per Unit. However, an investor holding his Units to Trust maturity may suffer a loss to the extent the investor's purchase cost of a Unit exceeds \$15.00 since the capital protection is limited to the aggregate maturity value per Unit of Treasury Obligations. An investor who sells his Units prior to Trust maturity, or all investors if the Trust is terminated before the Treasury Obligations mature, may suffer a loss to the extent that the price he receives upon the sale or redemption of his Units is less than the purchase price of his Units. The price paid for a Unit may differ from that set forth herein due to changes in the value of the Securities in the portfolio subsequent to the Date of Deposit. There is no assurance that a purchaser of Units on the date of the Prospectus or subsequent to such date will receive, upon termination, his purchase price per Unit. The Fund has not been structured to generate dividends and therefore dividend distributions by the Trust are likely to be insignificant. The maximization of dividend income is not an objective of the Trust. The Trust is 'concentrated' in Fund Shares, so investors should be aware that the potential for capital appreciation is directly related to the investment performance of the Fund itself. There are certain risks inherent in an investment in a portfolio of Fund Shares and Treasury Obligations. See 'Special Risk Considerations' in this Part A and 'Risk Factors' in Part B. The Trust will terminate approximately 14 years after the Initial Date of Deposit. Upon termination, Certificateholders may elect to receive their terminating distributions of the Trust's Securities in cash, in the form of an in-kind distribution of the Certificateholder's proportionate share of Fund Shares held by the Trust and cash representing a Certificateholder's proportionate share of Treasury Obligations or may utilize their terminating distributions to purchase units of a future series of the Trust at a reduced sales charge. Any election made by a Certificateholder may result in the current taxation of all or a portion of the gain, if any, realized by a Certificateholder upon the receipt of the terminating distribution. See 'Termination' in this Part A and 'Trust Administration--Trust Termination' in Part B. All of the Securities are represented by the Sponsor's contracts to purchase such Securities, which are expected to settle on or about January 28, 1994.

With the deposit of the Securities in the Trust on the Initial Date of Deposit, the Sponsor established a proportionate relationship among the aggregate value of the specified Securities in the Trust. During the 90 days subsequent to the Initial Date of Deposit, the Sponsor may, but is not obligated to, deposit from time to time additional Securities in the Trust ('Additional Securities') or contracts to purchase Additional Securities,

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maintaining to the extent practicable, an undivided interest in the same number and type of securities of identical issuers as are represented by Units issued on the Initial Date of Deposit. It may not be possible to maintain the exact original proportionate relationship between the Fund Shares and Treasury Obligations in the Trust portfolio on the Initial Date of Deposit with the deposit of Additional Securities, because of, among other reasons, purchase requirements, changes in prices, or the unavailability of Securities. Deposits of Additional Securities in the Trust subsequent to the 90-day period following the Initial Date of Deposit must replicate exactly the proportionate relationship between the Fund Shares and Treasury Obligations in the Trust Portfolio at the end of the initial 90-day period. The number and identity of Securities in the Trust will be adjusted to reflect the disposition of Securities and/or the distribution with respect to such Securities or the reinvestment of the proceeds distributed to Certificateholders. The portfolio of the Trust may change slightly based on such disposition and reinvestment. Securities received in exchange for Securities will be similarly treated. Substitute Treasury Obligations may be acquired under specified conditions when Treasury Obligations originally deposited in the Trust are unavailable (see 'The Trust--Substitution of Securities' in Part B). As additional Units are issued by the Trust as a result of the deposit of Additional Securities by the Sponsor, the aggregate value of the Securities in the Trust will be increased and the fractional undivided interest in the Trust represented by each unit will be decreased. As of the Date of Deposit, Units in the Trust represent an undivided interest in the principal and net income of the Trust in the ratio of one hundred Units for the indicated initial aggregate value of Securities in the Trust on the Initial Date of Deposit as is set forth in the Summary of Essential Information (See 'The Trust-- Organization' in Part B) (For the specific number of Units in the Trust as of the Initial Date of Deposit, see 'Summary of Essential Information' in this Part A).

The Sponsor does not act as an underwriter, manager or co-manager of a public offering of the securities of any of the issuers in the Trust portfolio.

THE FUND



The Fund's investment objective is long-term capital appreciation. The Fund seeks to achieve its objective by investing primarily in equity securities of companies that the Fund's investment adviser believes are undervalued and that by virtue of anticipated developments or catalysts particularly applicable to such companies may, in the investment adviser's judgment, achieve significant appreciation.

The Fund may invest in, among other things, unregistered convertible securities, securities of issuers involved in corporate reorganizations, warrants, rights, securities of foreign issuers and forward commitments for securities purchased on a 'when issued' or 'delayed delivery' basis. Convertible securities are not typically rated within the four highest categories by the rating agencies and are, therefore, not generally considered investment grade. There is no minimum rating that is acceptable for investment by the Fund; however, it is the Fund's current operating policy that not more than 35% of the Fund's portfolio will consist of debt securities considered by the rating agencies, or, if unrated, judged by the investment adviser to be predominantly speculative and involving major risk exposure to adverse conditions, including securities of issuers in default. The Fund will, however, limit its investments in securities of issuers in default, which are included within the 35% limitation, to not more than 5% of its total assets. These investments may involve special risks. See 'Risks of Investing in Lower Rated Securities' and 'Description of Corporate Bond Ratings' in Part B. The Fund may also purchase or sell exchange traded options, engage in short sales of securities it owns or has the right to acquire, enter into repurchase agreements, lend its portfolio securities to securities broker-dealers or financial institutions and borrow money for short-term credits from banks as may be necessary for the clearance of portfolio transactions and for temporary or emergency purposes. Although the Fund will consistently seek to attain the objective of long-term capital appreciation, there can be no assurance it will be attained. The objective of the Fund may not be changed without shareholder approval. There is, of course, no guarantee that the Fund's investment objective will be achieved.

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#### SPECIAL RISKS CONSIDERATIONS

Investors should be aware of the risks which an investment in Units of the Trust may entail. During the life of the Trust, the value of the portfolio Securities and hence the Units may fluctuate and therefore the Public Offering Price and Redemption Price per Unit may be more or less than the price paid by the investor. The value of the Treasury Obligations will fluctuate inversely with changes in interest rates and the value of Fund Shares will vary as the value of the underlying portfolio securities of the Fund increases or decreases. The Treasury Obligations are subject to substantially greater price fluctuations during periods of changing interest rates than securities of comparable quality which make periodic interest payments. See 'The Trust--Stripped U.S. Treasury Obligations.' Although the Trust is structured to return to an initial Certificateholder his purchase cost of a Unit through the distribution of the Treasury Obligations maturity value on the mandatory termination date of the Trust, an investor will have included the accrual of original issue discount on such Treasury Obligations in income for Federal income tax purposes and will have paid Federal income tax on such accrual. An investor holding his Units to Trust maturity may suffer a loss to the extent the investor's purchase cost of a Unit exceeds \$15.00 since the capital protection is limited to the aggregate maturity value per Unit of Treasury Obligations. Similarly, an investor who sells his Units prior to Trust maturity, or all investors if the Trust is terminated before the Treasury Obligations mature, may suffer a loss to the extent that the price he receives upon the sale or redemption of his Units is less than the purchase price of his Units.

#### PUBLIC OFFERING PRICE

The Public Offering Price per 100 Units of the Trust is equal to the aggregate offering side evaluation during the initial offering period, and the aggregate bid side evaluation thereafter, of the underlying Treasury Obligations and the net asset value of the Fund Shares (excluding any sales charge) divided by the number of Units outstanding times 100 plus a sales charge of 4.9% of the Public Offering Price per 100 Units or 5.152% of the net amount invested in Securities per 100 Units. (See 'Summary of Essential Information.') Any cash held by the Trust will be added to the Public Offering Price. For additional information regarding the Public Offering Price, the descriptions of dividend and principal distributions, repurchase and redemption of Units and other essential

information regarding the Trust, see the 'Summary of Essential Information' for the Trust. During the initial offering period orders involving at least 10,000 Units will be entitled to a volume discount from the Public Offering Price. The Public Offering Price per Unit may vary on a daily basis in accordance with fluctuations in the aggregate value of the underlying Securities. (See 'Public Offering' in Part B.) The figures above assume a purchase of 100 Units. The price of a single Unit, or any multiple thereof, is calculated by dividing the Public Offering Price per 100 Units by 100 and multiplying by the number of Units.

#### DISTRIBUTIONS

Distributions of net income (other than amortized discount) and long-term capital gains distributions received in respect to any of the Securities by the Trust will be made by the Trust annually. The first dividend distributions will be made on the First Distribution Date to all Certificateholders of record on the First Record Date and thereafter distributions will be made annually on the 15th day of January (the 'Distribution Date'). (See 'Rights of Certificateholders--Distributions' in Part B. For the specific dates representing the First Distribution Date and the First Record Date, see 'Summary of Essential Information.') Although Certificateholders will be required to include in income amounts of original issue discount that have accrued during the taxable year on the Treasury Obligations, no income will be currently distributed to the Certificateholders. (See 'Tax Status' in Part B.)

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#### MARKET FOR UNITS

The Sponsor, although not obligated to do so, intends to maintain a secondary market for the Units of the Trust after the initial public offering has been completed. The secondary market repurchase price will be based on the aggregate bid side evaluation of the Treasury Obligations and the net asset value of the Fund Shares (excluding any sales charge on Fund Shares). (See 'Liquidity--Sponsor Repurchase' for a description on how the secondary market repurchase price will be determined.) If a market is not maintained a Certificateholder will be able to redeem his Units with the Trustee. (See 'Liquidity--Trustee Redemption' in Part B.) There can be no assurance of the making or the maintenance of a market for any of the Securities contained in the Trust portfolio. Notwithstanding the foregoing, the Sponsor undertakes to maintain the secondary market during the initial public offering period. In addition, the Trust may be restricted under the Investment Company Act of 1940 from selling Securities to the Sponsor. The price at which the Securities may be sold to meet redemptions and the value of the Units will be adversely affected if trading markets for the Securities are limited or absent.

#### TOTAL REINVESTMENT PLAN

Distributions from the Trust are made to Certificateholders annually. The Certificateholder has the option, however, of either receiving his distribution check from the Trustee or participating in a reinvestment program offered by the Sponsor in shares of GOC Fund, Inc. (formerly The Manager's Fund, Inc.), U.S. Treasury Money Market Portfolio (the 'GOC Fund'). Gabelli-O'Connor Fixed Income Mutual Funds Management Co. serves as the investment adviser of the GOC Fund and GOC Fund Distributors, Inc. serves as distributor for the GOC Fund. Participation in the reinvestment option is conditioned on the GOC Fund's lawful qualification for sale in the state in which the Certificateholder is a resident. The Plan is not designed to be a complete investment program. See 'Total Reinvestment Plan' in Part B for details on how to enroll in the Total Reinvestment Plan and how to obtain a GOC Fund prospectus.

#### TERMINATION

During the 60 day period prior to the Mandatory Termination Date (approximately 14 years after the Initial Date of Deposit) (the 'Liquidation Period'), Securities will begin to be sold in connection with the termination of the Trust and all Securities will be sold by the Mandatory Termination Date. The Trustee may utilize the services of the Sponsor for the sale of all or a portion of the Securities in the Trust. The Sponsor will determine the manner, timing and execution of the sales of the underlying Securities. Certificateholders may elect one of the three options in receiving their terminating distributions.

Certificateholders may elect: (1) to receive their pro rata share of the underlying Fund Shares in kind and the maturity value of Treasury Obligations in cash, if they own at least 2,500 Units, (2) to receive cash upon the liquidation of their pro rata share of the underlying Securities or (3) subject to the receipt by the Trust of an appropriate exemptive order from the Securities and Exchange Commission, to invest the amount of cash they would have received upon the liquidation of their pro rata share of the underlying Securities in units of a future series of the Trust (if one is offered) at a reduced sales charge. See 'Trust Administration--Trust Termination' in Part B for a description of how to select a termination distribution option. Any election made by a Certificateholder may result in the current taxation of all or a portion of the gain, if any, realized upon the Certificateholder's receipt of the terminating distribution. See 'Tax Status of the Trust' in Part B for further discussion.

The Sponsor will attempt to sell the Securities as quickly as they can during the Liquidation Period without, in its judgment, materially adversely affecting the market price of the Securities, but all of the Securities will in any event be disposed of by the end of the Liquidation Period. The Sponsor does not anticipate that the period will be as long as 60 days, and it could be as short as one day, depending on the liquidity of the Securities being sold. The liquidity of any Security depends on the daily trading volume of the Security and the amount that the Sponsor has available for sale on any particular day.

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During the Liquidation Period, Certificateholders who have not chosen to receive distributions-in-kind will be at risk to the extent that Fund Shares are not sold; for this reason the Sponsor will be inclined to sell the Securities in as short a period as they can without materially adversely affecting the price of the Securities. Fund Shares, as more fully described in the prospectus for the Fund, will be redeemed through certain broker-dealers and the Fund's transfer agent at the net asset value next computed after the redemption request is received.

#### DESCRIPTION OF PORTFOLIO AS OF INITIAL DATE OF DEPOSIT

\$300,000 face amount of Treasury Obligations maturing on August 15, 2008 and 9,896 Fund Shares were held in the Trust on the Initial Date of Deposit. The Treasury Obligations and the Fund Shares represent 49.68% and 50.32%, respectively, of the total of the aggregate offering side evaluation of Treasury Obligations in the Trust and the aggregate value of Fund Shares on the Initial Date of Deposit.

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#### INDEPENDENT AUDITORS' REPORT

The Sponsor, Trustee, and Certificateholders,  
Equity Securities Trust, Series 4, EquiT's

We have audited the accompanying Statement of Condition and Portfolio (the 'financial statements') of the Equity Securities Trust, Series 4, EquiT's as of January 21, 1994. These financial statements are the responsibility of the Sponsor. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The irrevocable letter of credit deposited in connection with the securities owned as of January 21, 1994,

pursuant to contracts to purchase, as shown in the Statement of Condition, was confirmed to us by United States Trust Company of New York, the Trustee.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Equity Securities Trust, Series 4, EquiT's at January 21, 1994, in conformity with generally accepted accounting principles.

New York, New York  
January 21, 1994

KPMG PEAT MARWICK

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EQUITY SECURITIES TRUST, SERIES 4, EQUIT'S  
STATEMENT OF CONDITION  
AS OF THE INITIAL DATE OF DEPOSIT, JANUARY 21, 1994

TRUST PROPERTY

<TABLE>	<C>
<S>	SERIES 4
	-----
Investment in Securities--Sponsor's Contracts to Purchase Underlying Securities Backed by Letter of Credit(1).....	\$ 237,744
	-----
	-----

</TABLE>

INTEREST OF CERTIFICATEHOLDERS

<TABLE>	<C>
<S>	
Interest of Certificateholders--Units of Fractional Undivided Interest Outstanding (Series 4: 20,000 Units):	
Cost to Certificateholders(2).....	249,994
Less-Gross Underwriting Commissions(3).....	12,250
	-----
Net Amount Applicable to Certificateholders.....	\$ 237,744
	-----
	-----

</TABLE>

-----

(1) Aggregate cost to the Trust of the Securities listed in the Portfolio is determined by the Evaluator on the basis set forth under 'Public Offering--Offering Price' as of 4:00 p.m. on January 20, 1994. An irrevocable letter of credit issued by Morgan Guaranty Trust Company in an aggregate amount of \$5,000,000 has been deposited with the Trustee to cover the purchase of \$237,744 of Securities pursuant to contracts to purchase such Securities.

(2) Aggregate public offering price computed on 20,000 Units of Series 4 on the basis set forth under 'Public Offering--Offering Price' in Part B.

(3) Sales charge of 4.9% computed on 20,000 Units of Series 4 on the basis set forth under 'Public Offering--Offering Price' in Part B.

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SCHEDULE OF PORTFOLIO SECURITIES  
EQUITY SECURITIES TRUST  
SERIES 4  
EQUIT'S  
PORTFOLIO  
AS OF JANUARY 21, 1994  
AN ANNUAL PAYMENT SERIES

<TABLE>  
<CAPTION>

PORTFOLIO NO.	NAME OF ISSUER AND TITLE OF SECURITIES REPRESENTED BY CONTRACTS TO PURCHASE (1)	PERCENTAGE OF FUND	COST OF SECURITIES TO TRUST (2)
<S>	<C>	<C>	<C>
1	\$300,000 Zero Coupon U.S. Treasury Bonds Maturing August 15, 2008	49.68%	\$118,101
2	9,896 Shares of The Gabelli Value Fund Inc. (\$12.09 per Fund Share)	50.32%	119,643
		----- 100.00% ----- -----	----- \$237,744 ----- -----

</TABLE>

FOOTNOTES TO PORTFOLIO

(1) The Treasury Obligations have been purchased at a discount from the maturity value because there is no stated interest income thereon (such securities are often referred to as zero coupon securities). Over the life of the Treasury Obligations such discount accrues and upon maturity thereof the holder receives 100% of the Treasury Obligation maturity amount.

Shares in the Fund have been valued at their net asset value as of the Evaluation Time on the day prior to the Date of Deposit. The Fund's investment adviser is Gabelli Funds, Inc.

All Securities are represented by contracts to purchase such Securities. Forward contracts to purchase the Securities were entered into from January 19, 1994 to January 20, 1994. All such contracts are expected to be settled on or about the First Settlement Date of the Trust which is expected to be January 28, 1994.

(2) Offering prices of Treasury Obligations are determined by the Evaluator on the basis stated under 'Public Offering--Offering Price' herein. The offering side evaluation is greater than the current bid side evaluation of the Treasury Obligations, which is the basis on which Redemption Price per Unit is determined (see 'Liquidity--Trustee Redemption' herein). The aggregate value of the Treasury Obligations based on the bid side evaluation of the Treasury Obligations on the day prior to the Date of Deposit was \$117,459 (which is \$642 lower than the aggregate cost of the Treasury Obligations to the Trust based on the offering side evaluation). The profit to Sponsor on deposit totals \$171.

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UNDERWRITING SYNDICATE

The names and addresses of the Underwriters of the Units and their participation in the offering of Equity Securities Trust, Series 4 are as follows:

<TABLE>

<CAPTION>

UNDERWRITER	% OF EST SERIES 4
<S>	<C>
BEAR, STEARNS & CO. INC. 245 Park Avenue New York, NY 10167.....	14.10%
J.C. BRADFORD & CO. 330 Commerce Street Nashville, TN 37201.....	12.13
RAYMOND JAMES & ASSOCIATES, INC. The Raymond James Financial Center 880 Carillon Parkway St. Petersburg, FL 33716.....	12.13
RODMAN & RENSHAW, INC. 120 South LaSalle Street Chicago, IL 60603.....	6.07
GIBRALTAR SECURITIES CO. Ten James Street Florham Park, NJ 07932.....	3.04
GRUNTAL & CO., INCORPORATED 14 Wall Street New York, NY 10005.....	3.04
JOSEPHAL, LYON & ROSS, INC. 45 Broadway New York, NY 10006.....	3.04
DAVID LERNER ASSOCIATES, INC. 477 Jericho Turnpike Syosset, NY 11791.....	3.04
NEW ENGLAND SECURITIES 399 Boylston Street, 10th Floor Boston, MA 02116.....	3.04
QUICK & REILLY, INC. 26 Broadway, 12th Floor New York, NY 10004.....	3.04
SAMUEL A. RAMIREZ & CO., INC. 61 Broadway New York, NY 10006.....	3.04
M.L. STERN & CO., INC. 8350 Wilshire Boulevard Beverly Hills, CA 90211.....	3.04
THOMAS JAMES ASSOCIATES, INC. 1895 Mount Hope Avenue Rochester, NY 14620.....	3.04

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UNDERWRITING SYNDICATE

<TABLE>  
<CAPTION>

UNDERWRITER	% OF EST SERIES 4
<S>	<C>
H.C. WAINWRIGHT & CO., INC. One Boston Place Boston, MA 02108.....	3.04%
WHEAT FIRST, BUTCHER & SINGER CAPITAL MARKETS 901 East Byrd Street Richmond, VA 23219.....	3.04
FIRST MONTAUK SECURITIES CORP. 328 Newman Springs Road Red Bank, NJ 07701.....	1.52
LPL FINANCIAL SERVICES 155 Federal Street, 14th Floor Boston, MA 02110.....	1.52
NORI, HENNION, WALSH, INC. 3799 Route 46, Suite 102 Parsippany, NJ 07054.....	1.52
THE PRINCIPAL/EPPLER, GUERIN & TURNER, INC. 1445 Ross Avenue Dallas, TX 75202.....	1.52
BARRON CHASE SECURITIES One Arin Park 1715 U.S. Highway 35, Suite 301	

Middletown, NJ 07748.....	.75
BUELL SECURITIES CORP. 1310 Silas Deane Highway Wethersfield, CT 06109.....	.75
B.C. CHRISTOPHER DIV. OF FAHNESTOCK & CO. INC. 4717 Grand Avenue Kansas City, MO 64112.....	.75
EMANUEL AND COMPANY 110 Wall Street New York, NY 10005.....	.75
FIDELITY CAPITAL MARKETS, A DIVISION OF NATIONAL FINANCIAL SERVICES CORPORATION 161 Devonshire Street D4 Boston, MA 02110.....	.75
FINANCIAL NETWORK INVESTMENT CORPORATION 2780 Skypark Drive, Suite 300 Torrance, CA 90505.....	.75
FIRST AFFILIATED SECURITIES, INC. 4225 Executive Square, Suite 500 La Jolla, CA 92037.....	.75
GILMORE SECURITIES & CO. 21-00 Route 208 South Fair Lawn, NJ 07410.....	.75
</TABLE>	

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UNDERWRITING SYNDICATE

<TABLE>  
<CAPTION>

UNDERWRITER	% OF EST SERIES 4
-----	
<S>	<C>
J.W. CHARLES/CSG SUBSIDIARIES OF CORPORATE MANAGEMENT GROUP, INC. 980 North Federal Highway, Suite 210 Boca Raton, FL 33432.....	.75%
LEGG MASON WOOD WALKER, INCORPORATED Legg Mason Tower 111 South Calvert Street Baltimore, MD 21202.....	.75
MCDONALD & COMPANY SECURITIES, INC. 800 Superior Avenue Cleveland, OH 44114.....	.75
MORGAN KEEGAN & COMPANY INCORPORATED Morgan Keegan Tower Fifty North Front Street Memphis, TN 38103.....	.75
SOUTHWEST SECURITIES INC. 1201 Elm Street, Suite 4300 Dallas, TX 75270.....	.75
DAIN BOSWORTH INCORPORATED Dain Bosworth Plaza 60 South Sixth Street Minneapolis, MN 55402.....	.30
FIXED INCOME SECURITIES, INC. 7220 Trade Street, Suite 315 San Diego, CA 92121.....	.30
HAMILTON INVESTMENTS, INC. Two North LaSalle Street Chicago, IL 60602.....	.30
J.B. HANAUER & CO. Four Gate Hall Drive Parsippany, NJ 07054.....	.30
HORWITZ & ASSOCIATES 630 Dundee Road, Suite 345 Northbrook, IL 60002.....	.30
HUNTLEIGH SECURITIES CORPORATION 222 South Central Avenue St. Louis, MO 63105.....	.30
JANNEY MONTGOMERY SCOTT INC. 1801 Market Street Philadelphia, PA 19103.....	.30
JURAN & MOODY, INC. 400 North Robert Street, Suite 800	

St. Paul, MN 55101.....	.30
LADENBURG, THALMANN & CO. INC. 540 Madison Avenue New York, NY 10022.....	.30

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UNDERWRITING SYNDICATE

<TABLE>  
<CAPTION>

UNDERWRITER	% OF EST SERIES 4
<S>	<C>
LAILAW EQUITIES INC. 275 Madison Avenue New York, NY 10016.....	.30%
LEW LIEBERBAUM & CO., INC. 600 Old Country Road, Suite 518 Garden City, NY 11530.....	.30
MEYERS, POLLOCK, ROBBINS INC. One World Trade Center, Suite 9151 New York, NY 10048.....	.30
NATHAN & LEWIS SECURITIES, INC. 119 West 40th Street New York, NY 10018.....	.30
THE OHIO COMPANY 155 East Broad Street Columbus, OH 43215.....	.30
OPPENHEIMER & CO., INC. Oppenheimer Tower World Financial Center New York, NY 10281.....	.30
RAUSCHER PIERCE REFSNES, INC. Plaza of the Americas 2500 RPR Tower Dallas, TX 75201.....	.30
STATEWIDE SECURITIES GROUP, INC. 7820 South Holiday Drive, Suite 300 Sarasota, FL 34231.....	.30
STIFEL, NICOLAUS & COMPANY, INCORPORATED 500 North Broadway St. Louis, MO 63102.....	.30
STUART, COLEMAN & CO., INC. 11 West 42nd Street, 15th Floor New York, NY 10036.....	.30
SUTRO & CO. 350 Sansome Street San Francisco, CA 94104.....	.30
WEDBUSH MORGAN SECURITIES INC. 1000 Wilshire Boulevard Los Angeles, CA 90017.....	.30
Total.....	100%

</TABLE>

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[LOGO] EQUITY SECURITIES TRUST SERIES 4

GABELLI VALUE FUND AND U.S. TREASURIES

INTRODUCING EQUIT'S



EquiT's has been designed to combine the upside growth potential and inflation protection of a value oriented equity portfolio with the capital preservation afforded by zero coupon U.S. Treasury obligations held to maturity.

EquiT's is a unit investment trust with an approximate maturity of fourteen years. The dual objective of this trust is long term capital appreciation with capital preservation. The twin objectives of the Trust will be reflected in its two components.

The Equity component of EquiT's units will consist of shares in The Gabelli Value Fund, an open end equity mutual fund managed by Gabelli Funds Inc.

The fixed income component will be structured so that the maturity value of zero coupon Treasuries will provide a minimum value for each EquiT's unit of \$15.00 at the scheduled maturity of the Trust.

The combined value of an EquiT's unit at the scheduled termination of the Trust will be the \$15.00 per unit minimum provided by the U.S. Treasury securities plus the value of the unit's proportional interest in shares of The Gabelli Value Fund.

The relative proportions of Gabelli Value Fund shares and U.S. Treasury zero coupon obligations in the Trust will depend upon the scheduled maturity of the EquiT's trust and the level of zero coupon Treasury yields at the time of deposit of the Trust.

#### THE GABELLI VALUE FUND

The Fund's investment objective is long term capital appreciation. The Fund seeks to achieve its objective by investing primarily in equity securities of companies that the fund's investment adviser believes are undervalued, and that by virtue of anticipated developments or catalysts particularly applicable to such companies may, in the adviser's judgement, achieve significant appreciation. These include macro trends such as globalization of the market in filmed entertainment, and telecommunications, and micro trends such as, increased focus on productivity enhancing goods and services.

#### INVESTMENT PHILOSOPHY

Creating Wealth Through Research 'We view fundamental research as a three pronged approach: free cash flow, earnings per share, and private market value (PMV). We blend our intrinsic value analysis with the search for a catalyst that will surface and attract investor attention.'

'We do what is described as bottoms-up research: we read annual reports; visit the competition; talk to customers; go belly to belly with management. We are stock pickers. We look at earnings per share trends, but we do not try to forecast earnings with accounting precision and then trade stocks based on quarterly expectations and realities. We want to know everything and anything that will add to or detract from our private market value estimates. We look for a catalyst; something happening in the companies' industries or indigenous to the companies themselves that will surface value.'

'When we identify stocks that qualify as bargains, based on these fundamental and conceptual considerations, we become patient long term investors. This has been a proven long term method for creating wealth in the stock market.'

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GABELLI VALUE FUND AND U.S. TREASURIES  
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INVESTING IN ZERO COUPON  
U.S. TREASURY OBLIGATIONS

AAA rated U.S. Treasury obligations are considered the most secure fixed income investments in the U.S. capital markets and are among the most secure investments in the world.

Zero coupon securities are deeply discounted debt obligations which pay no periodic cash interest. If held to maturity, zero coupon bonds produce an investment return which is 'locked in,' determined solely by the original discounted price at purchase and the number of years to maturity, irrespective of interim interest rate movements.

Since the return on zero coupon bonds held to maturity does not depend upon the reinvestment of periodic interest payments, but rather depends upon a lump sum paid at maturity, they are recommended for investment programs targeted toward events such as retirement or the beginning of college.

In addition, the steady appreciation toward a predetermined sum provided by zero coupon bonds held to maturity makes them an ideal investment vehicle to provide the minimum \$15 per unit valuation floor for EquiT's units at the scheduled termination of the Trust.

Because zero coupon investments provide a one time lump sum cash payment, rather than a series of cash interest payments over time with a final payment of principal, their interim price movements before maturity tend to be more volatile than those of interest bearing bonds. The annual accretion of interest income on taxable zero coupon bonds such as the U.S. Treasury obligations which will be held in the Trust is includable in gross income for federal income tax purposes.

HEDGING YOUR BETS /A BALANCED  
APPROACH TO INVESTING

EquiT's has been developed to offer individuals the best of both worlds in an uncertain investment environment.

The stock market has produced superior investment results with excellent inflation protection for most of this century. It is a key component of long term financial planning for individual investors, and it can be an important component of investment programs for individuals nearing retirement age and even for retired investors.

U.S. Treasury Zero's held to maturity provide safety of capital, but on average, over long periods, they have not provided as generous returns as have common stocks.

WITH EQUIT'S YOU HAVE  
THE BEST OF ALL WORLDS:

- o Zero coupon U.S. Treasuries will provide a floor valuation of \$15.00 per unit at the scheduled termination of the Trust, a value above the original purchase price of EquiT's units.
  
- o An Equity portfolio which seeks to keep pace with inflation and capture growth as the economy recovers from recession.
  
- o An equity value orientation, focusing on stocks which trade at discounts to the 'private market value' detected by Gabelli research. A value orientation provides its own hedge against the possibility that current stock market levels are unsustainable.

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GABELLI VALUE FUND AND U.S. TREASURIES  
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ADDITIONAL FEATURES OF EQUIT'S

CONVENIENCE

EquiT's provides an easy, low cost way to start an investment program which provides upside potential with downside safeguards. A minimum purchase denomination of 100 units makes EquiT's affordable to a wide range of investors, and could be used to meet a number of financial objectives including:

- Retirement needs
- Various educational costs
- Conservative long-term capital appreciation

LIQUIDITY

The trusts' units may be sold at any time during its life at the then market value, which may be more or less than the original offering price.

REINVESTMENT OPTIONS

Any income and capital gains distributed by the trust can be reinvested in GOC Fund, Inc., U.S. Treasury Money Market Portfolio.

OPTIONS AT TERMINATION

Unitholders have the choice at the time of termination to receive the value of their U.S. Treasury zero coupon bonds and The Gabelli Value Fund shares paid in cash or, if preferred, may receive shares of The Gabelli Value Fund at no additional charge.

[LOGO] EQUITY SECURITIES TRUST SERIES 4

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GABELLI VALUE FUND AND U.S. TREASURIES  
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PROSPECTUS PART B  
PART B OF THIS PROSPECTUS MAY NOT BE  
DISTRIBUTED UNLESS ACCOMPANIED BY  
PART A

THE TRUST

ORGANIZATION

'Equity Securities Trust, Series 4, EquiT's' consists of a 'unit investment trust' designated as set forth in Part A. The Trust was created under the laws of the State of New York pursuant to a Trust Indenture and Agreement (the 'Trust Agreement'), dated the Initial Date of Deposit, among Bear, Stearns & Co. Inc., as Sponsor, United States Trust Company of New York, as Trustee and Kenny S&P Evaluation Services, as Evaluator.

On the Initial Date of Deposit, the Sponsor deposited with the Trustee stripped United States Treasury issued notes or bonds paying no current return (the 'Treasury Obligations') and shares of Gabelli Value Fund Inc., a non-diversified, open-end Management Investment Company (the 'Fund Shares') including funds and delivery statements relating to contracts for the purchase of certain such securities (collectively, the 'Securities') with an aggregate value as set forth in Part A and cash or an irrevocable letter of credit issued by a major commercial bank in the amount required for such purchases. Thereafter the Trustee, in exchange for the Securities so deposited, delivered to the Sponsor the Certificates evidencing the ownership of all Units of the Trust. The Sponsor has a limited right to substitute other securities in the Trust portfolio in the event of a failed contract ('Substitute Securities'). See 'The Trust--Substitution of Securities'. The Sponsor may also, in certain circumstances, direct the Trustee to dispose of certain Securities if the Sponsor believes that, because of market or credit conditions, or for certain other reasons, retention of the Security would be detrimental to Certificateholders. (See 'Trust Administration--Portfolio Supervision.')

As of the day prior to the Initial Date of Deposit, a 'Unit' represents an undivided interest or pro rata share in the Securities of the Trust in the ratio of one hundred Units for the indicated amount of the aggregate market value of the Securities initially deposited in the Trust as is set forth in the 'Summary of Essential Information'. To the extent that any Units are redeemed by the Trustee, the fractional undivided interest or pro rata share in such Trust represented by each unredeemed Unit will increase, although the actual interest in such Trust represented by such fraction will remain unchanged. Units will remain outstanding until redeemed upon tender to

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the Trustee by Certificateholders, which may include the Sponsor or the Underwriters, or until the termination of the Trust Agreement.

With the deposit of the Securities in the Trust on the Initial Date of Deposit, the Sponsor established a proportionate relationship between the maturity amounts of Treasury Obligations and the number of Fund Shares in the Portfolio. During the 90 days subsequent to the Initial Date of Deposit, the Sponsor may deposit additional Securities in the Trust that are substantially similar to the Securities already deposited in the Trust ('Additional Securities') or contracts to purchase Additional Securities, in order to create additional Units, maintaining to the extent practicable the original proportionate relationship of each Security in the Trust portfolio on the Initial Date of Deposit. These additional Units will each represent, to the extent practicable, an undivided interest in the same number and type of securities of identical issuers as are represented by Units issued on the Initial Date of Deposit. It may not be possible to maintain the exact original proportionate relationship among the Securities deposited on the Initial Date of Deposit because of, among other reasons, purchase requirements, changes in prices, or unavailability of Securities. Deposits of Additional Securities in the Trust subsequent to the 90-day period following the Initial Date of Deposit must replicate exactly the proportionate relationship among the shares of each Security in the Trust Portfolio at the end of the initial 90-day period. The number and identity of Securities in the Trust will be adjusted to reflect the disposition of Securities and/or the receipt of a distribution with respect to shares or the reinvestment of the proceeds distributed to Certificateholders. The portfolio of the Trust may change slightly based on such disposition and

reinvestment. Securities received in exchange for Securities will be similarly treated. Substitute Treasury Obligations may be acquired under specified conditions when Treasury Obligations originally deposited in the Trust are unavailable (see 'The Trust--Substitution of Securities'). Units may be continuously offered to the public by means of this Prospectus (see 'Public Offering--Distribution of Units') resulting in a potential increase in the number of Units outstanding. As additional Units are issued by the Trust as a result of the deposit of Additional Securities, the aggregate value of the Securities in the Trust will be increased and the fractional undivided interest in the Trust represented by each Unit will be decreased.

#### OBJECTIVES

The objectives of the Trust are to seek to achieve safety of capital and to attempt to provide capital appreciation. In addition, it is the Trust's objective to achieve growth in income with the growth in capital. The Trust seeks to achieve these objectives by investing primarily in a portfolio of stripped United States Treasury issued notes or bonds paying no current interest and shares of The Gabelli Value Fund Inc., a non-diversified, open-end Management Investment Company. The Fund's objective is long-term capital appreciation which the Fund attempts to achieve by investing primarily in equity securities companies that the Fund's investment adviser believes are undervalued and that by virtue of anticipated developments or catalysts particularly applicable to such companies may, in the adviser's judgment, achieve significant appreciation, and contracts to purchase such Securities. The allocation between the Treasury Obligations and the Fund Shares would seek to assure that an investor purchasing units in the Trust at inception would at least receive back the original unit purchase price at the termination of the Trust from the maturity value of the Treasury Obligations. There can be no assurance that the Trust's investment objectives can be achieved.

#### THE SECURITIES

In selecting Treasury Obligations for the Trust, the Sponsor normally will consider the following factors, among others: (i) the prices and yields of such securities and (ii) the maturities of such securities. In selecting the Fund Shares for deposit in the Trust, the following factors, among others, were considered by the Sponsor: (i) the historical performance of the Fund and (ii) the nature of the underlying Fund portfolio.

The Trust consists of such of the Securities listed under 'Schedule of Portfolio Securities,' herein as may continue to be held from time to time in the Trust, newly deposited Securities meeting requirements for creation

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of additional Units, undistributed cash receipts from the Fund and proceeds realized from the disposition of Securities.

#### Stripped U.S. Treasury Obligations

The Treasury Obligations in the portfolio consist of United States Treasury Obligations which have been stripped by the United States Treasury of their unmatured interest coupons or such stripped coupons or receipts or certificates evidencing such obligations or coupons. The obligor with respect to the Treasury Obligations is the United States Government. Such Treasury Obligations may include certificates that represent rights to receive the payments that comprise a U.S. Government bond.

Stripped U.S. Treasury bonds evidence the right to receive a fixed payment at a future date from the U.S. Government, and are backed by the full faith and credit of the U.S. Government. The Treasury Obligations can be purchased at a deep discount because the buyer receives only the right to receive one fixed payment at a specific date in the future and does not receive any periodic interest payments. The effect of owning deep discount obligations which do not make current interest payments is that a fixed yield is earned not only on the original investment but also, in effect, on all discount earned during the life of the discount obligations. This implicit reinvestment of earnings at the same rate eliminates the risk of being unable to reinvest the income on such obligations at a rate as high as the implicit yield on the discount obligation, but at the same time eliminates the holder's ability to reinvest at higher rates in the future. For this reason, the Treasury Obligations are subject to substantially greater price fluctuations during periods of changing market interest rates than are securities of comparable quality which pay interest on a

current basis. Investors should be aware that income in respect of the accrual of original issue discount on the Treasury Obligations, although not distributed on a current basis, will be includable by a Certificateholder as income and will be subject to income tax on a current basis at ordinary income tax rates (see 'Tax Status of the Trust').

The Gabelli Value Fund Inc.

The following disclosure concerning the Fund and its affiliates has been derived from the prospectus, semi-annual report and proxy statement of The Gabelli Value Fund Inc. While the Sponsor has not independently verified its information, it has no reason to believe that such information is not correct in all material respects. No representation is made herein as to the accuracy or adequacy of such information.

The Portfolio contains shares of The Gabelli Value Fund Inc. (the 'Fund'). On June 30, 1993, the net assets of the Fund were \$447,920,911. The Fund has retained an Investment Adviser, Gabelli Funds, Inc. (herein referred to as 'Gabelli' or the 'Adviser').

The Fund's investment objective is long-term capital appreciation. The Fund regards its receipt of income as an incidental consideration. The investment objective is fundamental and may not be changed without the approval of the holders of a majority of the Fund's shares. There is, of course, no guarantee that the Fund will achieve its investment objective. As a 'non-diversified' investment company, the Fund is not subject to the provisions of the 1940 Act that otherwise would limit the proportion of its assets that may be reinvested in obligations of a single issuer. Consequently, because the Fund may hold a relatively high proportion of its assets in a limited number of portfolio companies, an investment in the Fund may, under certain circumstances, present greater risk to an investor than an investment in a diversified investment company. The Fund intends, however, to comply with the diversification requirements imposed by the Internal Revenue Code of 1986, as amended (the 'Code').

In pursuing the Fund's investment objective, the Adviser seeks companies that it believes are undervalued and that by virtue of anticipated developments or catalysts particularly applicable to such companies may, in the Adviser's judgment, achieve significant capital appreciation. In identifying such companies, the Adviser seeks to

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invest in companies that, in the public market, are selling at a significant discount to their private market value, the value the Adviser believes informed industrialists would be willing to pay to acquire companies with similar characteristics. If investor attention is focused on the underlying asset values of these companies through an emerging or anticipated development or other catalyst, an investment opportunity to realize this private market value may exist. Undervaluation of a company can result from a variety of factors, such as a lack of investor recognition of (1) the underlying value of a company's fixed assets, (2) the value of a consumer or commercial franchise, (3) changes in the economic or financial environment particularly affecting a company, (4) new, improved or unique products or services, (5) new or rapidly expanding markets, (6) technological developments or advancements affecting a company or its products, or (7) changes in governmental regulations, political climate or competitive conditions. The actual developments or catalysts particularly applicable to a given company that may, in the Adviser's judgment, lead to significant appreciation of that company's securities include: a change in management or management policies; the acquisition of a significant equity position by an investor or group of investors acting in concert; a merger, reorganization, sale of a division, or a third-party or issuer tender offer; the spin-off to shareholders of a subsidiary, division or other substantial assets; or a recapitalization, an internal reorganization or the retirement or death of a senior officer or substantial shareholder. In addition to the foregoing factors, developments and catalysts, the Adviser, in selecting investments, also considers the market price of the issuer's securities, its balance sheet characteristics and the perceived strength of its management.

The Fund seeks to achieve its objective by investing primarily in a portfolio of common stocks, preferred stocks and other securities convertible into, or exchangeable for, common stocks. When the Adviser believes that a

defensive investment posture is warranted or when opportunities for capital appreciation do not appear attractive, the Fund may temporarily invest all or a portion of its assets in short-term money market instruments, such as obligations of the U.S. Government and its agencies and instrumentalities, high-quality commercial paper and bank certificates of deposit and time deposits, repurchase agreements with respect to such instruments, and money market mutual funds not affiliated with the Fund, Lehman Brothers Inc. ('Lehman Brothers') or Gabelli & Company, Inc. ('Gabelli & Company').

Boston Safe Deposit and Trust Company is the custodian of the Fund's assets. State Street Bank and Trust Company, Inc. acts as the Fund's transfer agent and dividend disbursing agent for its shares. The Fund's prospectus is available upon request.

#### General Information Regarding the Fund

Shown below for the periods indicated are per share income and capital changes for a share of capital stock outstanding ('per share information') of the Fund.

<TABLE>  
<CAPTION>

	YEAR ENDED 12/31/92	YEAR ENDED 12/31/91 (C)	YEAR ENDED 12/31/90	PERIOD ENDED 12/31/89 (A)
<S>	<C>	<C>	<C>	<C>
Investment income.....	\$ 0.28	\$ 0.27	\$ 0.59	\$ 0.20
Expenses.....	(0.19)	(0.14)	(0.14)	(0.04)
Net Investment income.....	\$ 0.09	\$ 0.13	\$ 0.45	\$ 0.16
Net realized and unrealized gain/(loss) or investments.....	1.11	1.17	(0.98)	0.04
Distributions from:				
Net investment income.....	(0.09)	(0.19)	(0.54)	(0.06)
Net realized gains.....	(0.46)	(0.14)	--	(0.01)
Net increase/(decrease) in net asset value.....	0.65	0.97	(1.07)	0.13
NET ASSET VALUE:				
Beginning of year.....	9.48	8.51	9.58	9.45
End of year.....	\$ 10.13	\$ 9.48	\$ 8.51	\$ 9.58

</TABLE>

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<TABLE>  
<CAPTION>

	YEAR ENDED 12/31/92	YEAR ENDED 12/31/91 (C)	YEAR ENDED 12/31/90	PERIOD ENDED 12/31/89 (A)
RATIOS TO AVERAGE NET ASSETS:				
<S>	<C>	<C>	<C>	<C>
Net investment income.....	0.75%	1.43%	4.45%	6.06% (b)
Operating expenses.....	1.52%	1.45%	1.39%	1.48% (b)
Portfolio turnover rate.....	0.1%	16.2%	58.6%	73.3%
Number of shares outstanding at end of year (000's).....	41,790	60,638	99,944	117,588

</TABLE>

(a) The Fund commenced operations on September 29, 1989.

(b) Annualized.

(c) Per share amounts have been calculated using the monthly average shares outstanding method, which more appropriately presents the per share data for the year.

#### Investment Strategies and Restrictions

From time to time, the Fund may engage in the following investment techniques:

The Fund, consistent with its investment objective and policies of seeking long-term capital appreciation from securities of companies that, in the public market, are selling at a significant discount to their private market value, may invest up to 50% of its total assets in securities for which a tender or exchange offer has been made or announced and in securities of companies for which a merger, consolidation, liquidation or similar reorganization proposal has been announced ('reorganization securities'). Frequently the holders of securities of companies involved in such transactions will receive new securities ('substituted securities') in exchange therefor. No more than 30% of the Fund's total assets, however, may be invested in reorganization securities where the Adviser anticipates selling the reorganization securities or the substituted securities within six months or less of the initial purchase of the reorganization securities, except that this limitation will not apply to reorganization securities that have been purchased to supplement a position in such securities held by the Fund for more than six months. The principal risk of this type of investing is that the anticipated offers or proposals may not be consummated within the time and under the terms contemplated at the time of the investment, in which case, unless replaced by an equivalent or increased offer or proposal that is consummated, the Fund may sustain a loss on its investments.

The Fund has adopted the following investment restrictions for the protection of shareholders that may not be changed without the approval of a majority of the Fund's shareholders, defined as the lesser of (1) 67% of the Fund's shares present at a meeting if the holders of more than 50% of the outstanding shares are present in person or by proxy, or (2) more than 50% of the Fund's outstanding shares. Under these restrictions, the Fund may not:

1. Invest more than 25% of the value of its total assets in any particular industry (this restriction does not apply to obligations issued or guaranteed by the U.S. Government or its agencies or instrumentalities);

2. Purchase securities on margin, but it may obtain short-term credits from banks as may be necessary for the clearance of purchase and sales of portfolio securities;

3. Make loans of its assets except for: (a) purchasing debt securities, (b) engaging in repurchase agreements as set forth in the Fund's Prospectus, and (c) lending its portfolio securities consistent with applicable regulatory requirements and as set forth in the Fund's Prospectus;

4. Borrow money except subject to the restrictions set forth in the Fund's Prospectus;

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5. Mortgage, pledge or hypothecate any of its assets except that, in connection with permissible borrowings mentioned in restriction (4) above, not more than 20% of the assets of the Fund (not including amounts borrowed) may be used as collateral and that collateral arrangements with respect to the writing or options or any other hedging activity are not deemed to be pledges of assets and these arrangements are not deemed to be the issuance of a senior security as set forth below in restriction (11);

6. Except to the extent permitted by restriction (14) below, invest in any investment company affiliated with the Fund, Lehman Brothers or Gabelli & Company, invest more than 5% of its total assets in the securities of any one investment company, own more than 3% of the securities of any investment company or invest more than 10% of its total assets in the securities of all other investment companies;

7. Engage in the underwriting of securities, except insofar as the Fund may be deemed an underwriter under the Securities Act of 1933, as amended, in disposing of a portfolio security;

8. Invest, in the aggregate more than 10% of the value of its net assets in securities for which market quotations are not readily available, securities which are restricted for public sale, in repurchase agreements maturing or terminable in more than seven days and all other illiquid securities;

9. Purchase or otherwise acquire interests in real estate, real estate mortgage loans or interests in oil, gas or other mineral exploration or



development programs;

10. Purchase or acquire commodities or commodity contracts except that the Fund may purchase or sell futures contracts and related options thereon if thereafter no more than 5% of its total assets are invested in margin and premiums;

11. Issue senior securities, except insofar as the Fund may be deemed to have issued a senior security in connection with: (a) borrowing money in accordance with restriction (4) above, (b) lending portfolio securities, (c) entering into repurchase agreements, (d) purchasing or selling options contracts, (e) purchasing or selling futures contracts and related options thereon, or (f) acquiring when issued or delayed delivery securities and forward commitments;

12. Sell securities short, except transactions involving selling securities 'short against the box;'

13. Purchase warrants if, thereafter, more than 5% of the value of the Fund's net assets would consist of such warrants, but warrants attached to other securities or acquired in units by the Fund are not subject to this restriction; or

14. Invest in companies for the purpose of exercising control, except transactions involving investments in investment companies for the purpose of effecting mergers and other corporate reorganizations involving the Fund and such other investment companies.

If any percentage limitation is adhered to at the time of an investment, a later increase or decrease in the percentage of assets resulting from a change in the values of portfolio securities or in the amount of the Fund's assets will not constitute a violation of such restriction. In order to permit the sale of the Fund's shares in certain states, the Fund may make commitments more restrictive than the investments restrictions described above.

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\* The Board of Directors of the Fund has approved, subject to shareholder approval, the elimination of this fundamental investment limitation. (See 'Short Sales Against the Box'.)

#### Convertible and Nonconvertible Corporate Obligations

Corporate obligations include securities such as bonds, debentures, notes or other similar securities issued by corporations. These obligations can be further subdivided into convertible and nonconvertible securities. Unlike a nonconvertible corporate obligation, a convertible corporate obligation may be converted into or exchanged for a prescribed amount of common stock or other equity security of the same or different issuer within a particular period of time at a specified price or formula.

The Fund believes that investing in convertible and nonconvertible corporate obligations is consistent with the Fund's investment objective of seeking securities of companies that, in the public market, can provide significant long-term capital appreciation. Due to a variety of factors, it is possible that the potential for capital gain on a convertible security may be less than that of the underlying common stock. Convertible securities, however, are senior to common stock in an issuer's capital structure and are consequently of higher quality and entail less risk than the issuer's common stock, although the extent to which the risk is reduced depends in large measure upon a variety of factors, including the creditworthiness of the issuer and its overall capital structure.

The Fund may purchase convertible securities or nonconvertible debt securities without limitation, except that no more than 35% of the Fund's total assets may be invested in convertible securities or nonconvertible debt securities having a rating lower than a Standard & Poor's Corporation ('S&P') rating of 'CCC', a Moody's Investor Service, Inc. ('Moody's') rating of 'Caa' or, if unrated, judged by the Adviser to be of comparable quality. However, as a matter of current operating policy, the Adviser and the Fund have agreed that the Fund will not invest more than 35% of the Fund's total assets in debt securities rated less than S&P's BBB or the equivalent by other major rating agencies or, if unrated, judged by the Adviser to be of comparable quality.

These debt securities are predominantly speculative and involve major risk exposure to adverse conditions, and are often referred to in the financial press as 'junk bonds.' (See 'Risks of Investing in Lower Rated Securities'.)

The ratings of Moody's and S&P generally represent the opinions of those organizations as to the quality of the securities that they rate. Such ratings, however, are relative and subjective, are not absolute standards of quality and do not evaluate the market risk of the securities. Although the Adviser uses these ratings as a criterion for the selection of securities for the Fund, the Adviser also relies on its independent analysis to evaluate potential investments for the Fund.

Within the Fund's limitation on the purchase of lower-rated and unrated securities, the Fund may invest up to 5% of its total assets in securities of issuers in default.

#### Warrants and Rights

The Fund may invest up to 5% of its net assets in warrants or rights (other than those acquired in units or attached to other securities) that entitle the holder to buy equity securities at a specific price for a specific period of time but will do so only if the equity securities are deemed appropriate by the Adviser for inclusion in the Fund's portfolio. It is the current intention of the Fund not to invest more than 2% of its net assets in warrants or rights that are not listed on the New York or American Stock Exchange, although the Board of Directors in the future may permit up to 5% of the Fund's net assets to be invested in such unlisted warrants and rights.

#### Foreign Securities

The Fund may invest up to 25% of its total assets in foreign securities. Investing in securities of foreign companies and foreign governments, which generally are denominated in foreign currencies, may involve certain risk and opportunity considerations not typically associated with investing in domestic companies and could cause the Fund to be affected favorably or unfavorably by changes in currency exchange rates and revaluations of currencies. In addition, less information may be available about foreign companies than about domestic

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companies, and foreign companies and foreign governments generally are not subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to domestic companies. Foreign securities and their markets may not be as liquid as United States securities and their markets. Securities of some foreign companies may involve greater market risk than securities of United States companies. Investment in foreign securities may result in higher expenses than investing in domestic securities because of the payment of fixed brokerage commissions on foreign exchanges, which generally are higher than commissions on United States exchanges, and the imposition of transfer taxes or transaction charges associated with foreign exchanges. Investment in foreign securities also may be subject to local economic or political risks, including instability of some foreign governments, the possibility of currency blockage or the imposition of withholding taxes on dividend or interest payments, and the potential for expropriation, nationalization or confiscatory taxation and limitations on the use or removal of funds or other assets.

Among the foreign securities in which the Fund may invest are those issued by companies located in developing countries, which are countries in the initial stages of their industrialization cycles. Investing in the equity and debt markets of developing countries involves exposure to economic structures that are generally less diverse and less mature, and to political systems that can be expected to have less stability, than those of developed countries. The markets of developing countries historically have been more volatile than the markets of the more mature economies of developed countries, but often have provided higher rates of return to investors. The Fund may also invest in debt securities of foreign governments.

The Fund may purchase American Depositary Receipts ('ADRs') or U.S. dollar-denominated securities of foreign issuers that are not included in the 25% foreign securities limitation. ADRs are receipts issued by U.S. banks or trust companies in respect of securities of foreign issuers held on deposit for use in the U.S. securities markets. While ADRs may not necessarily be denominated in the same currency as the securities into which they may be converted, many of the risks associated with foreign securities may also apply to ADRs.

#### Short-Term Investments

As noted above, in certain circumstances the Fund may invest in short-term money market instruments such as obligations of the U.S. Government and its agencies and instrumentalities, high quality commercial paper (rated 'A-1' or better by S&P or 'P-1' or better by Moody's) and bank certificates of deposit and time deposits, and may engage in repurchase agreement transactions with respect to those instruments.

In addition, the Fund may invest in money market mutual funds not affiliated with the Fund, Lehman Brothers or Gabelli & Company. The investment policy with respect to investment companies generally is set forth below under 'Other Investment Companies.'

#### Other Investment Companies

The Fund reserves the right to invest up to 10% of its total assets in the securities of money market mutual funds, which are open-end investment companies, and closed-end investment companies, including small business investment companies, none of which are affiliated with the Fund, Lehman Brothers or Gabelli & Company. Not more than 5% of the Fund's total assets may be invested in the securities of any one investment company and the Fund may not own more than 3% of the securities of any investment company.

#### Investment in Small, Unseasoned Companies and Other Illiquid Securities

The Fund may invest up to 5% of its net assets in small, less well-known companies which (including predecessors) have operated less than three years. The securities of these kinds of companies may have limited liquidity.

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The Fund will not, in the aggregate, invest more than 10% of its net assets in small, unseasoned companies, securities that are restricted for public sale, securities for which market quotations are not readily available, repurchase agreements maturing or terminable in more than seven days and all other illiquid securities. Securities freely salable among qualified institutional investors under special rules adopted by the Securities and Exchange Commission ('Rule 144A') may be treated as liquid if they satisfy liquidity standards established by the Board of Directors. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly, the Board of Directors will monitor their liquidity.

#### Borrowing

The Fund may not borrow money except for (1) short-term credits from banks as may be necessary for the clearance of portfolio transactions, and (2) borrowings from banks for temporary or emergency purposes, including the meeting of redemption requests, that would otherwise require the untimely disposition of the Fund's portfolio securities. Borrowing for any purpose, including redemptions, may not, in the aggregate, exceed 15% of the value of the Fund's total assets, and borrowing for purposes other than meeting redemptions may not exceed 5% of the value of the Fund's total assets, and borrowing for purposes other than meeting redemptions may not exceed 5% of the value of the Fund's total assets at the time borrowing is made. The Fund will not borrow (leverage) to make additional investment when any borrowing remains unpaid. The Fund will not mortgage, pledge or hypothecate any of its assets except that, in connection with the borrowings described above, not more than 20% of the total assets of the Fund may be used as collateral.

#### Repurchase Agreements

The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Bank of New York and member banks of the Federal Reserve System that furnish collateral at least equal in value or market price to the amount of their repurchase obligation. In a repurchase agreement, the Fund purchases a debt security from a seller which undertakes to repurchase the security at a specified resale price on an agreed future date. Repurchase agreements are generally for one business day and generally will not have a duration of longer than one week. The SEC has taken the position that, in economic reality, a repurchase agreement is a loan by the Fund to the other party to the transaction secured by securities transferred to the Fund. The resale price generally exceeds the purchase price by an amount which reflects an agreed upon market interest rate for the term of the repurchase agreement. The primary risk is that, if the seller defaults, the Fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and other collateral held by the Fund are less than the

repurchase price. The Board of Directors will monitor the creditworthiness of the other parties to the repurchase agreements.

The Fund may not enter into repurchase agreements which would cause more than 5% of the value of its total asset to be so invested. This percentage limitation does not apply to repurchase agreements involving U.S. Government obligations, or obligations of its agencies or instrumentalities, for a period of a week or less. The term of each of the Fund's repurchase agreements will always be less than one year and the Fund will not enter into repurchase agreements of a duration of more than seven days if, taken together with all other illiquid securities in the Fund's portfolio, more than 10% of its net assets would be so invested.

#### Short Sales Against the Box

Currently, the Fund may from time to time make short sales of securities it owns or has the right to acquire through conversion or exchange of other securities it owns. A short sale is 'against the box' to the extent that the Fund contemporaneously owns or has the right to obtain at no added cost securities identical to those sold short. In a short sale, the Fund does not immediately deliver the Securities sold or receive the proceeds from the sale. The Fund may not make short sales or maintain a short position if it would cause more than 25% of the Fund's total assets, taken at market value, to be held as collateral for the sales.

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The Fund may make a short sale in order to hedge against market risks when it believes that the price of a security may decline, causing in the value of a security owned by the Fund or security convertible into, or exchangeable for, the security, or when the Fund does not want to sell the security it owns, because, among other reasons, it wishes to defer recognition of gain or loss for U.S. Federal income tax purposes.

If approved by the Fund's shareholders, the Board of Directors of the Fund intends to replace the current fundamental limitation with a non-fundamental limitation that could be changed by the Fund's Directors without a vote of shareholders. The proposed non-fundamental limitation would allow the Fund to make short sales of securities so long as the market value of the securities sold short of any one issuer will not exceed either 5% of the Fund's total assets or 5% of such issuer's voting securities. The Fund will not make a short sale if, after giving effect to such sale, the market value of all securities sold short by the Fund exceeds 25% of the value of its total assets or the Fund's aggregate short sales of a particular class of securities exceeds 25% of the outstanding securities of that class. However, the Fund may make short sales against the box without regard to such limitations.

#### Options

The Fund may purchase or sell (that is, write) listed options on securities as a means of achieving additional return or of hedging the value of the Fund's portfolio. The Fund may write covered call options on common stocks that it owns or has an immediate right to acquire through conversion or exchange of other securities in an amount not to exceed 25% of total assets; or invest up to 10% of its total assets in the purchase of put options on common stocks that the Fund owns or may acquire through the conversion or exchange of other securities that it owns. The Fund may only buy options that are listed on a national securities exchange.

A call option is a contract that gives the holder of the option the right to buy from the writer (seller) of the call option, in return for a premium paid, the security underlying the option at a specified exercise price at any time during the term of the option. The writer of the call option has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price during the option period.

A put option is a contract that, in return for the premium, gives the holder of the option the right to sell to the writer (seller) the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy the underlying security upon exercise, at the exercise price during the option period.

If the Fund has written an option, it may terminate its obligation by effecting a closing purchase transaction. This is accomplished by purchasing an option of the same series as the option previously written. There can be no

assurance that a closing purchase transaction can be effected when the Fund so desires.

An option may be closed out only on an exchange that provides a secondary market for an option of the same series. Although the Fund will generally purchase or write only those options for which there appears to be an active secondary market, there is no assurance that a liquid secondary market on an exchange will exist for any particular option. The Fund will not purchase options if, as a result, the aggregate cost of all outstanding options exceeds 10% of the Fund's total assets.

The Fund may write put and call options on stock indexes for the purposes of increasing its gross income and to protect its portfolio against declines in the value of the securities it owns or increases in the value of securities to be acquired. In addition, the Fund may purchase the put and all options on stock indexes in order to hedge its investments against a decline in value or to attempt to reduce the risks of missing a market or industry segment advance. Options on stock indexes are similar to options on specific securities. However, because options on stock indexes do not involve the delivery of an underlying security, the option represents the holder's right to obtain from the writer cash in an amount equal to a fixed multiple of the amount by which the exercise price exceeds (in the case of a put) or is less than (in the case of a call) the closing value of the underlying stock

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index on the exercise date. Therefore, while one purpose of writing such options is to generate additional income for the Fund, the Fund recognizes that it may be required to deliver an amount of cash in excess of the market value of a stock index at such time as an option written by the Fund is exercised by the holder. The writing and purchase of options is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. The successful use of protective puts for hedging purposes depends in part on the Adviser's ability to predict future price fluctuations and the degree of correlation between the options and securities markets.

#### When Issued, Delayed Delivery Securities and Forward Commitments

The Fund may enter into forward commitments for the purchase of securities. Such transactions may include purchase on a 'when issued' or 'delayed delivery' basis. In some cases, a forward commitment may be conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, corporate reorganization of debt restructuring, i.e., a when, as and if issued security. When such transactions are negotiated, the price is fixed at the time of the commitment, with payment and delivery taking place in the future, generally a month or more after the date of the commitment. While the Fund will only enter into a forward commitment with the intention of actually acquiring the security, the Fund may sell the security before the settlement date if it is deemed advisable. Securities purchased under a forward commitment are subject to market fluctuation, and no interest or dividends accrue to the Fund prior to the settlement date.

#### Lending of Portfolio Securities

The Fund may lend securities from its portfolio to brokers, dealers and other financial organizations. This practice is expected to help the Fund generate revenue to defray certain operating expenses. Loans by the Fund, if and when made, (1) will be collateralized in accordance with applicable regulatory requirements and (2) will be limited so that the value of all loaned securities does not exceed 33% of the value of the Fund's total assets. The current intention of the Fund, however, is to limit the value of all loaned securities to no more than 5% of the Fund's total assets. Under extreme circumstances, there may be a restriction on the Fund's ability to sell the collateral and the Fund could suffer a loss.

#### Futures Contracts and Options on Futures

Depending upon market conditions prevailing at such time and its perceived investment needs, the Fund may enter into futures contracts and options on futures contracts that are traded on a U.S. exchange or board of trade. These investments, if any, may be made by the Fund solely for the purpose of hedging against changes in the value of its portfolio securities and the aggregate initial margins and premiums thereon would not constitute more than 5% of the Fund's total assets.

Futures and options on futures entail certain risks, including but not limited to the following: no assurance that futures contracts or options on futures can be offset at favorable prices, possible reduction of the Fund's yield due to the use of hedging, possible reduction in value of both the

securities hedged and the hedging instrument, possible lack of liquidity due to daily limits on price fluctuation, imperfect correlation between the contracts and the securities being hedged, and potential losses in excess of the amount invested in the futures contracts themselves.

#### Net Asset Value of the Fund Shares

The Fund's net asset value per share is calculated on each day, Monday through Friday, except days on which the New York Stock Exchange ('NYSE') is closed. The NYSE is currently scheduled to be closed on New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving

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and Christmas and on the preceding Friday or subsequent Monday when one of these holidays falls on a Saturday or Sunday, respectively.

The Fund's net asset value per share is determined as of the close of regular trading on the NYSE, currently 4:00 p.m., New York time, and is computed by dividing the value of the Fund's net assets by the total number of its shares outstanding. The Fund uses market quotations in valuing its portfolio securities. Short-term investments that mature in 60 days or less are valued at amortized cost whenever the Fund's Board of Directors determines that amortized cost reflects fair value of these investments.

#### The Fund's Investment Manager

Gabelli Funds, Inc. was organized in 1980 and serves as investment adviser to the Fund. Gabelli Funds, Inc. also serves as the investment adviser to The Gabelli Small Cap Growth Fund; The Gabelli Equity Income Fund; The Gabelli Growth Fund; The Gabelli Asset Fund; The Gabelli Convertible Securities Fund; The Gabelli ABC Fund; The Gabelli Global Telecommunications Fund; and The Gabelli US Treasury Money Market Fund, open-end investment companies having assets as of December 31, 1993 in excess of \$200 million, \$50 million, \$675 million, \$925 million, \$105 million, \$9 million, \$45 million and \$180 million, respectively, and The Gabelli Equity Trust Inc., a closed-end investment company having assets in excess of \$925 million. Another subsidiary of Gabelli Funds, Inc. is GAMCO Investors, Inc. ('GAMCO'), an investment adviser for individuals, pension trusts, profit-sharing trusts and endowments, having aggregate assets in excess of \$4.2 billion under its management. The current business address of Gabelli Funds, Inc. is One Corporate Center, Rye, New York 10580-1434.

The Adviser and its affiliates act as investment advisers to the other clients that may invest in the same securities. As a result, clients of the Adviser and its affiliates hold substantial positions in the same issuers of securities. If a substantial position in an issuer is held, liquidity and concentration considerations may limit the ability of the Adviser to add to the position on behalf of the Fund or other clients or to readily dispose of the position. Although the availability at acceptable prices of such securities may from time to time be limited, it is the policy of the Adviser and its affiliates to allocate purchases and sales of such securities in a manner believed by the Adviser to be equitable to all clients, including the Fund. The Adviser may on occasion give advice or take action with respect to other clients from the actions taken with respect to the Fund.

Mr. Mario J. Gabelli is Chairman of the Board, President and Chief Investment Officer of the Adviser and of the Fund. He acts as Chairman of the Board of GAMCO. Mr. Gabelli is also the Chief Executive Officer of GAMCO and various other companies owned or controlled by Gabelli Funds, Inc. Except for The Gabelli Growth Fund, accounts under the management of the Adviser and GAMCO will tend, subject to differences in investment objectives and authorized investment practices, to hold many of the same securities because all the accounts are under the overall direction of Mr. Gabelli. In addition to his positions with Gabelli Funds, Inc. and its subsidiaries, Mr. Gabelli serves as an officer and/or director of various other companies. Owing to the diverse nature of Mr. Gabelli's responsibilities with respect to Gabelli Funds, Inc., its subsidiaries and other companies with which he is affiliated, he will devote less than substantially all of his time to the Fund, although this is not expected to affect adversely the operations or management of the Fund. There is no contract of employment between Mr. Gabelli and Gabelli Funds, Inc. or any of its subsidiaries and there can be no assurance that a suitable replacement could be found for him in the event of his death, disability or resignation.

As compensation for its services and the related expenses borne by the

Adviser, the Adviser is paid a fee, computed and payable monthly, equal, on an annual basis, to 0.75% of the value of the Fund's average daily net assets, which is higher than that paid by most mutual funds. By its agreement with the Fund, the Adviser has undertaken certain expense reimbursement obligations.

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#### The Fund's Plan of Distribution

Pursuant to a Distribution Plan (the 'Plan') adopted by the Fund pursuant to Rule 12b-1 under the 1940 Act, the Fund will make monthly payments to registered broker-dealers, including the underwriters, who enter into agreements with the Fund (each, a 'Designated Dealer') calculated at the annual rate of 0.25% of the value of the average daily net assets of the Fund attributable to outstanding shares of the Fund sold by the Designated Dealer (including additional shares acquired by reinvestment of dividends). Gabelli & Company also will be reimbursed annually by other Designated Dealers (pro rata based on the amounts paid to such Designated Dealers under the Plan) for out-of-pocket distribution expenses incurred in respect of the Fund in an amount equal to the excess, if any, of (i) \$150,000 over (ii) the amounts otherwise paid to Gabelli & Company as a Designated Dealer during such year. Such reimbursements, however, will not increase the amounts payable under the Plan by the Fund to Gabelli & Company or other Designated Dealers. Gabelli & Company may in turn enter into selling agreements with Soliciting Broker-Dealers whereby all or a portion of the monthly payments paid to Gabelli & Company pursuant to the Plan will be paid by Gabelli & Company to a Soliciting Broker-Dealer for activities intended to result in the distribution of Fund shares.

Payments under the Plan are not tied exclusively to the distribution expenses actually incurred by Designated Dealers and such payments may exceed their distribution expenses. Expenses incurred in connection with the offering and sale of shares may include, but are not limited to, payments to the Designated Dealer's (or its affiliates') sales personnel for selling shares of the Fund; costs of printing and distributing the other Designated Dealer branch office distribution-related expenses; payments to and expenses of persons who provide support services in connection with the distribution of shares of the Fund; and financing costs on the amount of the foregoing expenses.

The Fund's Board of Directors will evaluate the appropriateness of the Plan and its payment terms on a continuing basis and in doing so will consider all relevant factors, including expenses borne by Designated Dealers in the current year and in prior years and amounts received under the Plan.

The Sponsor will not receive any Rule 12b-1 fees from the Fund. Any Rule 12b-1 fees paid by the Fund's distributor to the Trustee for performing servicing functions with respect to the Fund Shares will be used to reduce directly the expenses and fees otherwise payable by the Trust to the Trustee. There can be no assurance that the Trustee will receive any Rule 12b-1 fees in the future.

#### PORTFOLIO

The Trust consists of the Securities (or contracts to purchase such Securities together with an irrevocable letter or letters of credit for the purchase of such contracts) and Additional Securities deposited upon the creation of additional Units as set forth above and Substitute Securities acquired by the Trust as long as such Securities may continue to be held from time to time in the Trust together with uninvested cash realized from the disposition of Securities. Because certain of the Securities from time to time may be sold under certain circumstances, as described herein, no assurance can be given that the Trust will retain for any length of time its present size and composition. The Trustee has not participated and will not participate in the selection of Securities for the Trust, and neither the Sponsor nor the Trustee will be liable in any way for any default, failure or defect in any Securities.

Some of the Securities are publicly traded in the over-the-counter market. The contracts to purchase Securities deposited initially in the Trust are expected to settle in five business days, in the ordinary manner for such Securities. Settlement of the contracts for Securities is thus expected to take place prior to the settlement of purchase of Units on the Initial Date of Deposit.

## SUBSTITUTION OF SECURITIES

Neither the Sponsor nor the Trustee shall be liable in any way for any default, failure or defect in any of the Securities. In the event of a failure to deliver any Security that has been purchased for the Trust under a contract ('Failed Securities'), the Sponsor is authorized under the Trust Agreement to direct the Trustee to acquire other securities ('Substitute Securities') to make up the original corpus of the Trust.

The Substitute Securities must be purchased within 20 days after the sale of the portfolio Security or delivery of the notice of the failed contract. Where the Sponsor purchases Substitute Securities in order to replace Failed Securities, (i) the purchase price may not exceed the purchase price of the Failed Securities and (ii) the Substitute Securities must be substantially similar to the Securities originally contracted for and not delivered. Where the Sponsor purchases Substitute Securities in order to replace Securities they sold, the Sponsor will endeavor to select Securities which are securities that possess characteristics that are consistent with the objectives of the Trust as set forth above. Such selection may include or be limited to Securities previously included in the portfolio of the Trust.

Whenever a Substitute Security has been acquired for the Trust, the Trustee shall, within five days thereafter, notify all Certificateholders of the Trust of the acquisition of the Substitute Security and the Trustee shall, on the next Distribution Date which is more than 30 days thereafter, make a pro rata distribution of the amount, if any, by which the cost to the Trust of the Failed Security exceeded the cost of the Substitute Security plus accrued interest, if any.

In the event no reinvestment is made, the proceeds of the sale of Securities will be distributed to Certificateholders as set forth under 'Rights of Certificateholders--Distributions.' In addition, if the right of substitution shall not be utilized to acquire Substitute Securities in the event of a failed contract, the Sponsor will cause to be refunded the sales charge attributable to such Failed Securities to all Certificateholders of the Trust, and distribute the principal and accrued interest attributable to such Failed Securities on the next Distribution Date.

Because certain of the Securities from time to time may be substituted (see 'Trust Administration-- Portfolio Supervision') or may be sold under certain circumstances, no assurance can be given that the Trust will retain its present size and composition for any length of time. The proceeds from the sale of a Security or the exercise of any redemption or call provision will be distributed to Certificateholders except to the extent such proceeds are applied to meet redemptions of Units. (See 'Liquidity--Trustee Redemption.')

## RISK FACTORS

## FIXED PORTFOLIO

The value of the Units will fluctuate depending on all the factors that have an impact on the economy and the equity markets. These factors similarly impact on the ability of an issuer to distribute dividends. The Trust is not a 'managed registered investment company' and Securities will not be sold by the Trustee as a result of ordinary market fluctuations. Additionally, the Trust will not elect to reinvest any distributions it is entitled to as a result of its ownership of shares on the Fund. Unlike a managed investment company in which there may be frequent changes in the portfolio of securities based upon economic, financial and market analyses, securities of a unit investment trust, such as the Trust, are not subject to such frequent changes based upon continuous analysis. However, the Sponsor may direct the disposition by the Trustee of Securities upon the occurrence of certain events. (See 'Trust Administration--Portfolio Supervision' below.)



## FUND SHARES AND TREASURY OBLIGATIONS

The Sponsor has taken steps to ensure that an investment in Fund Shares is equitable to all parties and particularly that the interest of the Certificateholders are protected. Accordingly, any sales charges which would otherwise be applicable will be waived on Fund Shares sold to the Trust, since the Sponsor is receiving the sales charge on all Units sold. In addition, the Trust Agreement requires the Trustee to vote all Fund Shares held in the Trust in the same manner and ratio on all proposals as the vote of owners of Fund Shares not held by the Trust.

The Fund's Shares may appreciate or depreciate in value (or pay dividends) depending on the full range of economic and market influences affecting the securities in which the Fund is invested and the success of the Fund's management in anticipating or taking advantage of such opportunities as may occur. In addition, in the event of the inability of the Fund's Adviser to act and/or claims or actions against the Fund by regulatory agencies or other persons or entities, the value of the Fund Shares may decline thereby causing a decline in the value of Units. Termination of the Fund prior to the Termination Date of the Trust may result in the termination of the Trust sooner than anticipated. Prior to a purchase of Units, investors should determine that the aforementioned risks are consistent with their investment objectives.

The net asset value of the Fund's Shares, like the value of the Treasury Obligations, will fluctuate over the life of the Trust and may be more or less than the price paid therefor by the Trust. An investment in Units of the Trust should be made with an understanding of the risks inherent in ownership of equity securities since the Portfolio of the Fund is invested in equity securities which the Fund's Adviser believes are undervalued and that by virtue of anticipated developments or catalysts particularly applicable to such companies may, in the Adviser's judgment, achieve significant appreciation. However, the Sponsor believes that, upon termination of the Trust on the mandatory termination date, even if the Fund Shares are worthless, the Treasury Obligations will provide sufficient cash at maturity to equal \$15.00 per Unit. Part of such cash will, however, represent an amount of taxable original issue discount of the Treasury Obligations which was previously accrued and included in the income of the Certificateholders.

A CERTIFICATEHOLDER PURCHASING A UNIT ON THE DATE OF THIS PROSPECTUS OR THEREAFTER MAY RECEIVE TOTAL DISTRIBUTIONS, INCLUDING DISTRIBUTIONS MADE UPON TERMINATION OF THE TRUST THAT ARE LESS THAN THE AMOUNT PAID FOR SUCH UNIT.

Sales of Securities in the Portfolio under certain permitted circumstances may result in an accelerated termination of the Trust. It is also possible that, in the absence of a secondary market for the Units or otherwise, redemptions of Units may occur in sufficient numbers to reduce the portfolio to a size resulting in such termination. In addition, the Trust may be terminated if the net aggregate value of the Trust is less than 40% of the aggregate maturity values of the Treasury Obligations calculated immediately after the most recent deposit of Treasury Obligations in the Trust. Early termination of the Trust may have important consequences to the Certificateholder; e.g., to the extent that Units were purchased with a view to an investment of longer duration, the overall investment program of the investor may require readjustment; or the overall return on investment may be less than anticipated, and may result in a loss to a Certificateholder.

In the event of the early termination of the Trust, the Trustee will cause the Fund Shares to be sold and the proceeds thereof distributed to the Certificateholders in proportion to their respective interests therein, unless a Certificateholder elects to receive Fund Shares 'in kind.' (See 'Trust Administration--Trust Termination.') Proceeds from the sale of the Treasury Obligations will be paid in cash.

In the event of a notice that any Treasury Obligation will not be delivered ('Failed Treasury Obligations'), the Sponsor is authorized under the Indenture

to direct the Trustee to acquire other Treasury Obligations ('Replacement Treasury Obligations') within a period ending on the earlier of the first distribution of cash to the Trust Certificateholders or 90 days after the Date of Deposit. The cost of the Replacement Treasury Obligations may not exceed the cost of the Treasury Obligations which they replace. Any Replacement Treasury

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Obligation deposited in the Trust will be substantially identical to every Treasury Obligation then in the Trust. Whenever a Replacement Treasury Obligation has been acquired for the Trust, the Trustee shall, within 5 days thereafter, notify Certificateholders of the acquisition of the Replacement Treasury Obligation.

In the event a contract to purchase Securities fails and Replacement Treasury Obligations are not acquired, the Trustee will distribute to Certificateholders the funds attributable to the failed contract. The Sponsor will, in such case, refund the sales charge applicable to the failed contract. If less than all the funds attributable to a failed contract are applied to purchase Replacement Treasury Obligations, the remaining money will be distributed to Certificateholders.

The Trustee will have no power to vary the investments of the Trust, i.e., the Trustee will have no managerial power to take advantage of market variations to improve a Certificateholder's investment but may dispose of Securities only under limited circumstances.

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

Investors should consult with their own financial advisers prior to investing in the Trust to determine its suitability. (See 'Trust Administration--Portfolio Supervision.') All the Securities in the Trust are liquidated during a 60 day period prior to the termination of the Trust. Since the Trust will not sell Securities in response to ordinary market fluctuation, but only at the Trust's termination, the amount realized upon the sale of the Securities may not be the highest price attained by an individual Security during the life of the Trust.

There is no assurance that any dividends will be declared or paid in the future on the Fund Shares. Investors should be aware that there is no assurance that the Trust's objectives will be achieved.

#### RISKS OF INVESTING IN LOWER RATED SECURITIES

The Fund may invest no more than 35% of its total assets in lower rated securities (Caa by Moody's or CCC by S&P) and comparable unrated securities, collectively commonly known as 'junk bonds') to the extent described in the Fund's Prospectus. No minimum rating standard is required by the Fund. These lower rated securities are considered speculative and, while generally providing greater income than investments in higher rated securities, will involve greater risk of principal and income (including the possibility of default or bankruptcy of the issuers of such securities) and may involve greater volatility of price (especially during periods of economic uncertainty or change) than securities in the higher rating categories and because yields vary over time, no specific level of income can ever be assured. These lower rated securities generally tend to reflect economic changes (and the outlook for economic growth) short-term corporate and industry developments and the market's perception of their credit quality (especially during times of adverse publicity) to a greater extent than during times of adverse publicity) to a greater extent than higher rated

securities which react primarily to fluctuations in the general level of interest rates (although these lower rated securities are also affected by changes in interest rates). In the past, economic downturns or an increase in interest rates have, under certain circumstances, caused a higher incidence of default by the issuers of these securities and may do so in the future, especially in the case of highly leveraged issuers. The prices for these securities may be affected by legislative and regulatory developments. For example, federal rules require that savings and loan associations gradually reduce their holdings of securities. An effect of such legislation may be to depress the prices of outstanding lower rated securities. In addition, investment in these lower rated securities may involve greater liquidity and valuation risks than those for investment grade securities. To the extent there is no established secondary market for these securities, there could be thin trading of such securities which could adversely impact the Board of Directors' ability to accurately value such securities and the Fund's assets. Furthermore, the liquidity of these lower rated

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securities may be affected by the market's perception of their credit quality. Therefore, the judgment of the Fund's Adviser may at times play a greater role in valuing these securities than in the case of investment grade securities, and it also may be more difficult during times of certain adverse market conditions to dispose of these lower rated securities to meet redemption requests or to respond to changes in the market.

#### PUBLIC OFFERING

##### OFFERING PRICE

The Public Offering Price per 100 Units of the Trust is equal to the aggregate value of the underlying Securities (the price at which they could be directly purchased by the public assuming they were available) in the Trust divided by the number of Units outstanding times 100 plus a sales charge of 4.9% of the Public Offering Price per 100 Units (excluding any transaction fees) or 5.152% of the net amount invested in Securities per 100 Units. In addition, the net amount invested in Securities will involve a proportionate share of amounts in the Income Account and Principal Account, if any. The Public Offering Price can vary on a daily basis from the amount stated on the cover of this Prospectus in accordance with fluctuations in the market value of the Securities and the price to be paid by each investor will be computed as of the date the Units are purchased.

The aggregate value of the Securities is determined in good faith by the Evaluator on each 'Business Day' as defined in the Trust Agreement in the following manner: during the initial offering period on the basis of the net asset value of the Fund Shares and the bid side evaluation of the Treasury Obligations and following the initial offering period on the basis of the net asset value of the Fund Shares and the bid side evaluation of the Treasury Obligations. The evaluation generally shall be based on the closing purchase price in the over-the-counter market (unless the Evaluator deems these prices inappropriate as a basis for evaluation) or if there is no such closing purchase price, then the Evaluator may ascertain the values of the Treasury Obligations using any of the following methods, or a combination thereof, which it deems appropriate: (a) on the basis of current offering prices for the Treasury Obligations as obtained from investment dealers or brokers who customarily deal in securities comparable to those held in the Trust, (b) if offering prices are not available for the Treasury Obligations, on the basis of current offering prices for comparable securities, (c) by appraising the value of the Treasury Obligations on the offering side of the market or by such other appraisal deemed appropriate by the Evaluator or (d) by any combination of the above, each as of the Evaluation Time.

##### VOLUME AND OTHER DISCOUNTS

Units of the Trust are available at a volume discount from the Public Offering Price during the initial public offering. This volume discount will result in a reduction of the sales charge applicable to such purchases. The amount of the volume discount and the approximate reduced sales charge on the Public Offering Price applicable to such purchases are as follows:

<TABLE>

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NUMBER OF UNITS	APPROXIMATE REDUCED SALES CHARGE
-----------------	----------------------------------

<S>	<C>
10,000 but less than 25,000	4.66%
25,000 but less than 50,000	4.42%
50,000 but less than 75,000	4.18%
75,000 but less than 100,000	3.94%
100,000 or more	3.45%

These discounts will apply to all purchases of Units by the same purchaser during the initial public offering period. Units purchased by the same purchasers in separate transactions during the initial public offering period will be aggregated for purposes of determining if such purchaser is entitled to a discount provided that such purchaser must own at least the required number of Units at the time such determination is made. Units held in

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the name of the spouse of the purchaser or in the name of a child of the purchaser under 21 years of age are deemed for the purposes hereof to be registered in the name of the purchaser. The discount is also applicable to a trustee or other fiduciary purchasing securities for a single trust estate or single fiduciary account.

Employees (and their immediate families) of Bear, Stearns & Co. Inc., Gabelli Funds, Inc., and of any underwriter of the Trust may, pursuant to employee benefit arrangements, purchase Units of the Trust at a price equal to the then market value of the underlying securities in the Trust during the initial offering period, divided by the number of Units outstanding plus a reduced sales charge of up to a maximum of 1.75% per Unit. Such arrangements result in less selling effort and selling expenses than sales to employee groups of other companies. Resales or transfers of Units purchased under the employee benefit arrangements may only be made through the Sponsor's secondary market, so long as it is being maintained.

#### DISTRIBUTION OF UNITS

During the initial offering period (i) Units issued on the Initial Date of Deposit and (ii) additional Units issued after such date in respect of deposits of Additional Securities, will be distributed by the Sponsor, the Underwriters and dealers at the Public Offering Price. (See 'Underwriting Syndicate' in Part A.) The initial offering period in each case is thirty days unless extended by the Sponsor for Units specified in (i) and (ii) in the preceding sentence. Certain banks and thrifts will make Units of the Trust available to their customers on an agency basis. A portion of the sales charge paid by their customers is retained by or remitted to the banks. Under the Glass-Steagall Act, banks are prohibited from underwriting Units; however, the Glass-Steagall Act does permit certain agency transactions and the banking regulators have indicated that these particular agency transactions are permitted under such Act. In addition, state securities laws on this issue may differ from the interpretations of federal law expressed herein and banks and financial institutions may be required to register as dealers pursuant to state law.

The Sponsor intends to qualify the Units for sale in substantially all States through the Underwriters and through dealers who are members of the National Association of Securities Dealers, Inc. Units may be sold to dealers at prices which represent a concession of up to 3% per Unit, subject to the Sponsor's right to change the dealers' concession from time to time. In addition, for transactions of 10,000 Units or more, the Sponsor intends to negotiate the applicable sales charge and such charge will be disclosed to any such purchaser. Such Units may then be distributed to the public by the dealers at the Public Offering Price then in effect. The Sponsor reserves the right to reject, in whole or in part, any order for the purchase of Units. In addition, any dealer, underwriter or firm who purchases Units on the Initial Date of Deposit will be paid an additional concession of \$1.00 per 100 Units purchased that day. The Sponsor reserves the right to reject, in whole or in part, any order for the purchase of Units. The Sponsor reserves the right to change the discounts from time to time.

Underwriters and broker-dealers of the Trust, banks and/or others are eligible to participate in a program in which such firms receive from the Sponsor a nominal award for each of their registered representatives who have

sold a minimum number of units of unit investment trusts created by the Sponsor during a specified time period. In addition, at various times the Sponsor may implement other programs under which the sales forces of underwriters, brokers, dealers, banks and/or others may be eligible to win other nominal awards for certain sales efforts, or under which the Sponsor will reallocate to any such underwriters, brokers, dealers, banks and/or others that sponsor sales contests or recognition programs conforming to criteria established by the Sponsor, or participate in sales programs sponsored by the Sponsor, an amount not exceeding the total applicable sales charges on the sales generated by such person at the public offering price during such programs. Also, the Sponsor in its discretion may from time to time pursuant to objective criteria established by the Sponsor pay fees to qualifying underwriters, brokers, dealers, banks and/or others for certain services or activities which are primarily intended to result in sales of Units of the Trust. Such payments are made by the Sponsor out of its own assets and not out of the assets of the Trust. These programs will not change the price Certificateholders pay for their Units or the amount that the Trust will receive from the Units sold.

FREQUENT BUYER PROGRAM

Any dealer, underwriter, or firm whose total combined purchases of the Trust and other unit investment trusts sponsored by Bear, Stearns & Co. Inc. ('MST/EST Units') from Bear, Stearns & Co. Inc. in a single calendar month fall in any of the levels listed below, will be paid an additional concession.

<TABLE>  
<CAPTION>

AGGREGATE MONTHLY AMOUNTS OF MST/EST UNITS SOLD AT PUBLIC OFFERING PRICE	ADDITIONAL CONCESSION (PER \$1,000.00) SOLD
<S>	<C>
\$1,000,000 but less than \$2,000,000.....	\$ 0.50
\$2,000,000 but less than \$4,500,000.....	\$ 1.00
\$4,500,000 but less than \$7,000,000.....	\$ 1.50
\$7,000,000 or more.....	\$ 2.00

</TABLE>

SPONSOR'S AND UNDERWRITERS' PROFITS

The Sponsor and the Underwriters will receive a gross underwriting commission equal to 4.9% of the Public Offering Price per 100 Units (equivalent to 5.152% of the net amount invested in the Securities). Additionally, the Sponsor may realize a profit on the deposit of the Securities in the Trust representing the difference between the cost of the Securities to the Sponsor and the cost of the Securities to the Trust (See 'Portfolio.') The Sponsor or any Underwriter may realize profits or sustain losses with respect to Securities deposited in the Trust which were acquired from underwriting syndicates of which they were a member.

The Sponsor did not participate as an underwriter or manager, co-manager or member of underwriting syndicates from which any of the aggregate principal amount of the Securities were acquired for the Trust. All or a portion of the Securities deposited in the Trust may have been acquired through the Sponsor.

During the initial offering period and thereafter to the extent additional Units continue to be offered by means of this Prospectus, the underwriting syndicate may also realize profits or sustain losses as a result of fluctuations after the Initial Date of Deposit in the aggregate value of the Securities and hence in the Public Offering Price received by the Sponsor and the Underwriters for the Units. Cash, if any, made available to the Sponsor prior to settlement date for the purchase of Units may be used in the Sponsor's business subject to the limitations of 17 CFR 240.15c3-3 under the Securities Exchange Act of 1934 and may be of benefit to the Sponsor.

Upon termination of the Trust, the Trustee may utilize the services of the Sponsor for the sale of all or a portion of the Securities in the Trust. The Sponsor will receive brokerage commissions from the Trust in connection with such sales in accordance with applicable law.

In maintaining a market for the Units (see 'Sponsor Repurchase') the

Sponsor will realize profits or sustain losses in the amount of any difference between the price at which they buy Units and the price at which they resell such Units.

RIGHTS OF CERTIFICATEHOLDERS

CERTIFICATES

Ownership of Units of the Trust is evidenced by registered Certificates executed by the Trustee and the Sponsor. Certificates may be issued in denominations of one hundred or more Units. Certificates are transferable by presentation and surrender to the Trustee properly endorsed and/or accompanied by a written instrument or instruments of transfer. Although no such charge is presently made or contemplated, the Trustee may require a Certificateholder to pay \$2.00 for each Certificate reissued or transferred and any governmental charge that may be imposed in connection with each such transfer or interchange. Mutilated, destroyed, stolen or lost Certificates will be replaced upon delivery of satisfactory indemnity and payment of expenses incurred.

DISTRIBUTIONS

Dividends and interest received by the Trust are credited by the Trustee to an Income Account for the Trust. Other receipts, including the proceeds of Securities disposed of, are credited to a Principal Account for the Trust.

Distributions to each Certificateholder from the Income Account are computed as of the close of business on the Record Date for the Distribution Date. Distributions from the Principal Account of the Trust (other than amounts representing failed contracts, as previously discussed) will be computed as of the Record Date, and will be made to the Certificateholders of the Trust on or shortly after the Distribution Date. Proceeds representing principal received from the disposition of any of the Securities between a Record Date and a Distribution Date which are not used for redemptions of Units will be held in the Principal Account and not distributed until the next Distribution Date. No distributions will be made to Certificateholders electing to participate in the Total Reinvestment Plan. Persons who purchase Units between a Record Date and a Distribution Date will receive their first distribution on the Distribution Date following the first Record Date on which they are a Certificateholder of record.

As of the first day of each month, the Trustee will deduct from the Income Account of the Trust, and, to the extent funds are not sufficient therein, from the Principal Account of the Trust, amounts necessary to pay the expenses of the Trust (as determined on the basis set forth under 'Trust 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 applicable taxes or other governmental charges that may be payable out of the Trust. Amounts so withdrawn shall not be considered a part of such Trust's assets until such time as the Trustee shall return all or any part of such amounts to the appropriate accounts. In addition, the Trustee may withdraw from the Income and Principal Accounts such amounts as may be necessary to cover redemptions of Units by the Trustee.

The dividend distribution per 100 Units cannot be estimated and will change and may be reduced as Securities are redeemed, exchanged or sold, or as expenses of the Trust fluctuate. No distribution need be made from the Principal Account until the balance therein is an amount sufficient to distribute \$1.00 per 100 Units.

RECORDS

The Trustee shall furnish Certificateholders in connection with each distribution a statement of the amount of dividends and interest, if any, and the amount of other receipts, if any, which are being distributed, expressed in each case as a dollar amount per 100 Units. 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 Certificateholder of record, a statement showing (a) as to the Income Account: dividends, interest and other cash amounts received, amounts paid for purchases of Substitute Securities and redemptions of Units, if any, deductions for applicable taxes and fees and expenses of the Trust, 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 100 Units outstanding on the last business day of such calendar year; (b) as to the Principal Account: the dates of disposition of any

Securities and the net proceeds received therefrom, deductions for payments of applicable taxes and fees and expenses of the Trust, amounts paid for purchases of Substitute Securities and redemptions of Units, if any, 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 100 Units outstanding on the last business day of such calendar year; (c) a list of the Securities held, a list of Securities purchased, sold or otherwise disposed of during the calendar year and the number of Units outstanding on the last business day of such calendar year; (d) the Redemption Price per 100 Units based upon the last computation thereof made during such calendar year; and (e) amounts actually distributed to Certificateholders during such calendar year from the Income and Principal Accounts, separately stated, of the Trust, expressed both as total dollar amounts and as dollar amounts representing the pro rata share of each 100 Units outstanding on the last business day of such calendar year.

The Trustee shall keep available for inspection by Certificateholders 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 Certificateholders, Certificates issued or held, a current list of Securities in the portfolio and a copy of the Trust Agreement.

#### TAX STATUS

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

In rendering the opinion set forth below, Battle Fowler has examined the Agreement, the final form of Prospectus dated the date hereof (the 'Prospectus') and the documents referred to therein, among others, and has relied on the validity of said documents and the accuracy and completeness of the facts set forth therein. In the Opinion of Battle Fowler, special counsel for the Sponsor, under existing law:

1. The Trust will be classified as a grantor trust for Federal income tax purposes and not as a partnership or association taxable as a corporation. Classification of the Trust as a grantor trust will cause the Trust not to be subject to Federal Income tax, and will cause the Certificateholders of the Trust to be treated for Federal income tax purposes as the owners of a pro rata portion of the assets of the Trust. All income received by the Trust will be treated as income of the Certificateholders in the manner set forth below.

2. The Trust is not subject to the New York Franchise Tax on Business Corporations or the New York City General Corporation Tax. For a Certificateholder who is a New York resident, however, a pro rate portion of all or part of the income of the Trust will be treated as the income of the Certificateholder under the income tax laws of the State and City of New York. Similar treatment may apply in other states.

3. During the 90-day period subsequent to the initial issuance date, the Sponsor reserves the right to deposit Additional Securities that are substantially similar to those establishing the Trust. This retained right falls within the guidelines promulgated by the Internal Revenue Service ('IRS') and should not affect the taxable status of the Trust.

A taxable event will generally occur with respect to each Certificateholder when the Trust disposes of a Security (whether by sale, exchange or redemption) or upon the sale, exchange or redemption of Units by such Certificateholder. The price a Certificateholder pays for his Units, including sales charges, is allocated among his pro rata portion of each Security held by the Trust (in proportion to the fair market values thereof on the date the Certificateholder purchases his Units) in order to determine his initial cost for his pro rata portion of each Security held by the Trust.

For Federal income tax purposes, a Certificateholder's pro rata portion of dividends paid with respect to a Fund Shares held by a Trust are taxable as ordinary income to the extent of such payor corporation's current and accumulated 'earnings and profits' as defined by Section 316 of the Code. A Certificateholder's pro rata portion of dividends paid on such Security that

exceed such current and accumulated earnings and profits will first reduce a Certificateholder's tax basis in such Security, and to the extent that such dividends exceed a Certificateholder's tax basis in such Security will generally be treated as capital gain. In instances where a Certificateholder acquires his Units shortly before the Fund declares a dividend, such Certificateholder may realize taxable income upon the receipt of the dividend, even though the payment is, in effect, a return of capital.

The Trust will contain Treasury Obligations 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 Treasury Obligation issued after July 2, 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 Treasury Obligation over the sum of the issue price and the accrued original issue discount on the acquisition date).

Each Certificateholder will be required to include in his gross income, original issue discount with respect to his interest in a Treasury Obligation held by the Trust at the same time and in the same manner as though the Certificateholder was the direct holder of such interest. The tax basis of a Certificateholder with respect to his interest in a Treasury Obligation will be increased by the amount of original issue discount thereon properly included in the Certificateholder's gross income as determined for federal income tax purposes.

The amount of gain recognized by a Certificateholder on a disposition of a Treasury Obligation by the Trust will be equal to the difference between such Certificateholder's pro rata portion of the gross proceeds realized by the Trust on the disposition and the Certificateholder's tax basis in his pro rata portion of the Treasury Obligation disposed of. Any gain recognized on a sale or exchange of a Certificateholder's pro rata interest in a Treasury Obligation, and not constituting a realization of accrued 'market discount' in the case of a Treasury Obligation issued after July 18, 1984, will be capital gain. Gain realized on the disposition of the interest of a Certificateholder in a market discount Treasury Obligation is treated as ordinary income to the extent the gain does not exceed the accrued market discount. A Certificateholder has an interest in a market discount Treasury Obligation when the Certificateholder's tax cost for his pro rata interest in the Treasury Obligation 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 Treasury Obligation). If a Certificateholder has an interest in a market discount Treasury Obligation and has incurred debt to acquire Units, the deductibility of a portion of the interest incurred on such debt may be deferred.

The Trust will also own shares in the Fund, an entity that has elected and qualified for the special tax treatment applicable to 'regulated investment companies.' If the Fund distributes 90% or more of its investment company taxable income to its shareholders, it will not be subject to Federal income tax on the amounts so distributed. Moreover, if the Fund distributes at least 98% of its investment company taxable income (including any net capital gain) it will not be subject to the 4% excise tax on certain undistributed income of 'regulated investment companies.' Distributions by the Fund of its taxable income to its shareholders will be taxable as ordinary income to such shareholders. Distributions of the Fund's net capital gain, which are designated as capital gain dividends by the Fund, will be taxable to its shareholders as long-term capital gain, regardless of the length of time the shareholders have held their investment in the Fund.

A Certificateholder's portion of gain, if any, upon the sale, exchange or redemption of Units or the disposition of Securities held by the Trust will generally be considered a capital gain and will be long-term if the Certificateholder has held his Units for more than one year. Long-term capital gains are generally taxed at the same rates applicable to ordinary income, although individuals who realize long-term capital gains will be subject to a maximum tax rate of 28% on such gains, rather than the 'regular' maximum tax rate of 39.6%. Tax rates may increase prior to the time when Certificateholders may realize gains from the sale, exchange or redemption of the Units or Securities.

A Certificateholder's portion of loss, if any, upon the sale or redemption of Units or the disposition of Securities held by the Trust will generally be



considered a capital loss and will be long-term if the Certificateholder has held his Units for more than one year. Capital losses are deductible to the extent of capital gains; in addition, up to \$3,000 of capital losses recognized by non-corporate Certificateholders may be deducted against ordinary income.

A Certificateholder who itemizes his deductions may also deduct his pro rata share of the fees and expenses of the Trust, but only to the extent that such amounts, together with the Certificateholder's other miscellaneous itemized deductions, exceed 2% of his adjusted gross income. The deduction of fees and expenses may also be limited by Section 68 of the Code, which reduces the amount of itemized deductions that are allowed for individuals with incomes in excess of certain thresholds.

After the end of each calendar year, the Trustee will furnish to each Certificateholder an annual statement containing information relating to the dividends received by the Trust on the Securities, the gross proceeds received by the Trust from the disposition of any Security, and the fees and expenses paid by the Trust. The Trustee will also furnish annual information returns to each Certificateholder and to the Internal Revenue Service.

A corporation that owns Units will generally be entitled to a 70% dividends received deduction with respect to such Certificateholder's pro rata portion of dividends that are taxable as ordinary income to Certificateholders which are received by the Trust from a domestic corporation under section 243 of the Code or from a qualifying foreign corporation under section 245 of the Code (to the extent the dividends are taxable as ordinary income, as discussed above) in the same manner as if such corporation directly owned the Securities paying such dividends. However, a corporation owning Units should be aware that Section 246 and 246A of the Code impose additional limitations on the eligibility of dividends for the 70% dividends received deduction. These limitations include a requirement that stock (and therefore Units) must generally be held at least 46 days (as determined under Section 246(c) of the Code). Moreover, the allowable percentage of the deduction will be reduced from 70% if a corporate Certificateholder owns certain stock (or Units) the financing of which is directly attributable to indebtedness incurred by such corporation. Accordingly, corporate Certificateholders should consult their tax adviser in this regard.

As discussed in the section 'Termination,' each Certificateholder may have three options in receiving their termination distributions, which are (i) to receive their pro rata share of the underlying Fund Shares in kind, and the maturity value of the Treasury Obligations in cash, if the Certificateholder owns at least 2,500 Units (ii) to receive cash upon liquidation of their pro rata share of the underlying Securities, or (iii) to invest the amount of cash they would receive upon the liquidation of their pro rata share of the underlying Securities in units of a future series of the Trust (if one is offered).

There are special tax consequences should a Certificateholder choose option (i), the exchange of the Certificateholder's pro rata portion of the Securities held by the Trust for a proportionate number of Fund Shares plus cash equal to the Certificateholder's proportionate share of Treasury Obligations. Treasury Regulations provide that gain or loss is recognized when there is a conversion of property into property that is materially different in kind or extent. In this instance, the Certificateholder may be considered the owner of an undivided interest in all of the Trust's assets, and by accepting the proportionate number of Fund Shares of the Trust in partial exchange for his Unit, the Certificateholder should be treated as merely exchanging his undivided pro rata ownership of Fund Shares held by the Trust into sole ownership of a proportionate share of Fund Shares. As such, there should be no material difference in the Certificateholder's ownership, and therefore the transaction should be tax free to the extent the Fund Shares are received. Alternatively, the transaction may be treated as an exchange that would qualify for nonrecognition treatment to the extent the Certificateholder is exchanging his undivided interest in all of the Trust's Fund Shares for his proportionate number of shares of the underlying Fund Shares. In either instance, the transaction should result in a non-taxable event for the Certificateholder to the extent Fund Shares are received. However, there is no specific authority addressing the income tax consequences of an in-kind distribution from a grantor trust, and investors are urged to consult their tax advisers in this regard.

Entities that generally qualify for an exemption from Federal income tax, such as many pension trusts, are nevertheless taxed under Section 511 of the

Code on 'unrelated business taxable income.' Unrelated business taxable income is income from a trade or business regularly carried on by the tax-exempt entity that is unrelated to the entity's exempt purpose. Unrelated business taxable income generally does not include dividend or interest income or gain from the sale of investment property, unless such income is derived from property that is debt-financed or is dealer property. A tax-exempt entity's dividend income from the Trust and gain from the sale of Units in the Trust or the Trust's sale of Securities is not expected to constitute unrelated business taxable income to such tax-exempt entity unless the acquisition of the Unit itself is debt-financed or constitutes dealer property in the hands of the tax-exempt entity.

Before investing in the Trust, the trustee or investment manager of an employee benefit plan (e.g., a pension or profit sharing retirement plan) should consider among other things (a) whether the investment is prudent under the Employee Retirement Income Security Act of 1974 ('ERISA'), taking into account the needs of the plan and all of the facts and circumstances of the investment in the Trust; (b) whether the investment satisfies the diversification requirement of Section 404(a)(1)(C) of ERISA; and (c) whether the assets of the Trust are deemed 'plan assets' under ERISA and the Department of Labor regulations regarding the definition of 'plan assets.'

Prospective tax-exempt investors are urged to consult their own tax advisers prior to investing in the Trust.

#### LIQUIDITY

##### SPONSOR REPURCHASE

The Sponsor, although not obligated to do so, intends to maintain a secondary market for the Units and continuously to offer to repurchase the Units. The Sponsor's secondary market repurchase price will be based on the aggregate value of the Securities in the Trust portfolio and will be the same as the redemption price. The aggregate value of the Securities will be determined by the Trustee on a daily basis and computed on the basis set forth under 'Trustee Redemption.' The Sponsor does not guarantee the enforceability, marketability or price of any Securities in the Portfolio or of the Units. Certificateholders who wish to dispose of their Units should inquire of the Sponsor as to current market prices prior to making a tender for redemption. The Sponsor may discontinue repurchase of Units if the supply of Units exceeds demand, or for other business reasons. The date of repurchase is deemed to be the date on which Certificates representing Units are physically received in proper form, i.e., properly endorsed, by Bear, Stearns & Co. Inc., 245 Park Avenue, New York, New York 10167. Units received after 4 P.M., New York Time, will be deemed to have been repurchased on the next business day. In the event a market is not maintained for the Units, a Certificateholder may be able to dispose of Units only by tendering them to the Trustee for redemption.

Units purchased by the Sponsor in the secondary market may be reoffered for sale by the Sponsor at a price based on the aggregate value of the Securities in the Trust plus a 4.9% sales charge (of 5.152% of the net amount invested) plus a pro rata portion of amounts, if any, in the Income Account. Any Units that are purchased by the Sponsor in the secondary market also may be redeemed by the Sponsor if it determines such redemption to be in its best interest.

The Sponsor may, under certain circumstances, as a service to Certificateholders, elect to purchase any Units tendered to the Trustee for redemption (see 'Trustee Redemption'). Factors which the Sponsor will consider in making a determination will include the number of Units of all Trusts which it has in inventory, its estimate of the salability and the time required to sell such Units and general market conditions. For example, if in order to meet redemptions of Units the Trustee must dispose of Securities, and if such disposition cannot be made by the redemption date (seven calendar days after tender), the Sponsor may elect to purchase such Units. Such purchase shall be made by payment to the Certificateholder not later than the close of business on the redemption date of an amount equal to the Redemption Price on the date of tender. Notwithstanding the foregoing, the Sponsor undertakes to maintain the secondary market during the initial public offering period.

##### TRUSTEE REDEMPTION

Units may also be tendered to the Trustee for redemption at its corporate trust office at 770 Broadway, New York, New York 10003, upon proper delivery of Certificates representing such Units and payment of any relevant tax. At the

present time there are no specific taxes, other than the income taxes discussed above, related to the redemption of Units. No redemption fee will be charged by the Sponsor or the Trustee. Units redeemed by the Trustee will be cancelled.

Certificates representing Units to be redeemed must be delivered to the Trustee and must be properly endorsed or accompanied by proper instruments of transfer with signature guaranteed (or by providing satisfactory indemnity, as in the case of lost, stolen or mutilated Certificates). Thus, redemptions of Units cannot be effected until Certificates representing such Units have been delivered by the person seeking redemption. (See 'Certificates.')

Certificateholders must sign exactly as their names appear on the faces of their Certificates. 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 a tender for redemption, or, if such seventh day is not a business day, on the first business day prior thereto, the Certificateholder will be entitled to receive an amount for each Unit tendered equal to the Redemption Price per Unit computed as of the Evaluation Time set forth under 'Summary of Essential Information' in Part A on the date of tender. The 'date of tender' is deemed to be the date on which Units are received by the Trustee, except that with respect to Units received after the close of trading on the New York Stock Exchange (4:00 p.m. Eastern Time), 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.

A Certificateholder will receive his redemption proceeds in cash and amounts paid on redemption shall be withdrawn from the Income 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 redemptions. 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 the Trust will be reduced. The Securities to be sold will be selected by the Trustee in order to maintain, to the extent practicable, the proportionate relationship among the number of shares of each Stock. Provision is made in the Trust Agreement under which the Sponsor may, but need not, specify minimum amounts in which blocks of Securities are to be sold in order to obtain the best price for the Fund. While these minimum amounts may vary from time to time in accordance with market conditions, the Sponsor believes that the minimum amounts which would be specified would be approximately 100 shares for readily marketable Securities.

The Redemption Price per Unit is the pro rata share of the Unit in the Trust determined by the Trustee on the basis of (i) the cash on hand in the Trust or moneys in the process of being collected, (ii) the value of the Securities in the Trust as determined by the Evaluator, less (a) amounts representing taxes or other governmental charges payable out of the Trust, (b) the accrued expenses of the Trust and (c) cash allocated for the distribution to Certificateholders of record as of the business day prior to the evaluation being made. The Evaluator may determine the value of the Securities in the Trust in the following manner: the net asset value of the Fund Shares and the bid side evaluation of the Treasury Obligations. The evaluation shall generally be based on the closing purchase price in the over-the-counter market (unless the Evaluator deems these prices inappropriate as a basis for evaluation) or if there is no such closing purchase price, then the Evaluator may ascertain the values of the Treasury Obligations using any of the following methods, or a combination thereof, which it deems appropriate: (a) on the basis of the current bid prices for the Treasury Obligations as obtained from investment dealers or brokers who customarily deal in securities comparable to those held in the Trust, (b) if bid prices are not available for the Treasury Obligations, on the basis of current bid prices for comparable securities, (c) by appraising the value of the Treasury Obligations on the bid side of the market or (d) by any combination of the above.

The Trustee is irrevocably authorized in its discretion, if the Sponsor does not elect to purchase a Unit tendered for redemption or if the Sponsor tenders a Unit for redemption, in lieu of redeeming such Unit, to sell such Unit in the over-the-counter market for the account of the tendering Certificateholder at prices which will return to the Certificateholder an amount in cash, net after deducting brokerage commissions, transfer taxes and other

charges, equal to or in excess of the Redemption Price for such Unit. The Trustee will pay the net proceeds of any such sale to the Certificateholder on the day he would otherwise be entitled to receive payment of the Redemption Price.

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 customary weekend and holiday closings, or trading on that Exchange is restricted or during which (as determined by the Securities and Exchange Commission) an emergency exists as a result of which disposal or evaluation of the Securities is not reasonably practicable, or for such other periods as the Securities and Exchange Commission may by order permit. The Trustee and the Sponsor is not liable to any person or in any way for any loss or damage which may result from any such suspension or postponement.

A Certificateholder who wishes to dispose of his Units should inquire of his bank or broker in order to determine if there is a current secondary market price in excess of the Redemption Price.

#### TOTAL REINVESTMENT PLAN

Distributions of dividend income and capital gain, if any, from the Trust are made to Certificateholders annually. The Certificateholder has the option, however, of either receiving his distribution check, together with any other payments, from the Trustee or participating in a reinvestment program offered by the Sponsor in shares of GOC Fund, Inc. (formerly The Manager's Fund, Inc.), U.S. Treasury Money Market Portfolio (the 'GOC Fund'). Participation in the reinvestment option is conditioned on the GOC Fund's lawful qualification for sale in the state in which the Certificateholder is a resident. For income tax purposes, however, Certificateholders who participate in the Total Reinvestment Plan are taxed in the same manner as those Certificateholders who do not participate in the plan.

Upon enrollment in the reinvestment option, the Trustee will direct dividend and/or other distributions, if any, to the GOC Fund. The GOC Fund seeks to maximize current income and to maintain liquidity and a stable net asset value by investing in short term U.S. Treasury Obligations which have effective maturities of 397 days or less. For more complete information concerning the GOC Fund, including charges and expenses, the Certificateholder should fill out and mail the card attached to the inside back cover of the Prospectus. The prospectus for the GOC Fund will be sent to Certificateholders. The Certificateholder should read the prospectus for the GOC Fund carefully before deciding to participate.

#### TRUST ADMINISTRATION

##### PORTFOLIO SUPERVISION

The Trust is a unit investment trust and is not a managed fund. Traditional methods of investment management for a managed fund typically involve frequent changes in a portfolio of securities on the basis of economic, financial and market analyses. The Portfolio of the Trust, however, will not be managed and therefore the adverse financial condition of an issuer will not necessarily require the sale of its Securities from the Portfolio. However, the Sponsor may direct the disposition of Securities upon the occurrence of certain events including:

1. default in payment of amounts due on any of the Securities;

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2. institution of certain legal proceedings;

3. default under certain documents materially and adversely affecting future declaration or payment of amounts due or expected; or

4. decline in price as a direct result of serious adverse credit factors affecting the issuer of a Security which, in the opinion of the Sponsor, would make the retention of the Security detrimental to the Trust or the Certificateholders.

If a default in the payment of amounts due on any Security occurs and if the Sponsor fails to give immediate instructions to sell or hold that Security, the Trust Agreement provides that the Trustee, within 30 days of that failure by

the Sponsor, may sell the Security.

The Trust Agreement provides that 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 securities in exchange and substitution for any Security pursuant to a recapitalization or reorganization, 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 failed to declare or pay, or the Sponsor anticipates such issuer will fail to declare or pay, anticipated dividends with respect thereto.

The Trust Agreement also authorizes the Sponsor to increase the size and number of Units of the Trust by the deposit of Additional Securities, contracts to purchase Additional Securities or cash or a letter of credit with instructions to purchase Additional Securities in exchange for the corresponding number of additional Units within 90 days subsequent to the Initial Date of Deposit, provided that the original proportionate relationship between the Fund Shares and Treasury Obligations established on the Initial Date of Deposit is maintained to the extent practicable. Deposits of Additional Securities in the Trust subsequent to the Initial Date of Deposit must replicate exactly the proportionate relationship between the Fund Shares and Treasury Obligations in the Trust portfolio at the end of the initial 90-day period.

With respect to deposits of Additional Securities (or cash or a letter of credit with instructions to purchase Additional Securities), in connection with creating additional Units of the Trust, the Sponsor may specify the minimum numbers in which Additional Securities will be deposited or purchased. If a deposit is not sufficient to acquire minimum amounts of each Security, Additional Securities may be acquired in the order of the Security most under-represented immediately before the deposit when compared to the original proportionate relationship. If Securities of an issue originally deposited are unavailable at the time of the subsequent deposit, the Sponsor may (1) deposit cash or a letter of credit with instructions to purchase the Security when it becomes available, or (2) deposit (or instruct the Trustee to purchase) either Securities of one or more other issues originally deposited or a Substitute Security.

#### TRUST AGREEMENT AND AMENDMENT

The Trust Agreement may be amended by the Trustee and the Sponsor without the consent of any of the Certificateholders: (1) to cure any ambiguity or to correct or supplement any provision which may be defective or inconsistent; (2) to change any provision thereof as may be required by the Securities and Exchange Commission or any successor governmental agency; or (3) to make such other provisions in regard to matters arising thereunder as shall not adversely affect the interests of the Certificateholders.

The Trust Agreement may also be amended in any respect, or performance of any of the provisions thereof may be waived, with the consent of the holders of Certificates evidencing 66 2/3% of the Units then outstanding for the purpose of modifying the rights of Certificateholders; provided that no such amendment or waiver shall reduce any Certificateholder's interest in the Trust without his consent or reduce the percentage of Units required to consent to any such amendment or waiver without the consent of the holders of all Certificates. The Trust Agreement may not be amended, without the consent of the holders of all Certificates in the Trust then

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outstanding, to increase the number of Units issuable or to permit the acquisition of any Securities in addition to or in substitution for those initially deposited in such Trust, except in accordance with the provisions of the Trust Agreement. The Trustee shall promptly notify Certificateholders, in writing, of the substance of any such amendment.

#### TRUST TERMINATION

The Trust Agreement provides that the Trust shall terminate upon the maturity, redemption or other disposition, as the case may be, of the last of the Securities held in such Trust but in no event is it to continue beyond the Mandatory Termination Date. If the value of the Trust shall be less than the minimum amount set forth under 'Summary of Essential Information' in Part A, the Trustee may, in its discretion, and shall, when so directed by the Sponsor, terminate the Trust. The Trust may also be terminated at any time with the consent of the holders of Certificates representing 100% of the Units then

outstanding. The Trustee may utilize the services of the Sponsor for the sale of all or a portion of the Securities in the Trust. In the event of termination, written notice thereof will be sent by the Trustee to all Certificateholders. Such notice will provide Certificateholders with three options by which to receive their pro rata share of the net asset value of the Trust.

1. A Certificateholder who owns at least 2,500 units and who so elects by notifying the Trustee prior to the commencement of the Liquidation Period by returning a properly completed election request (to be supplied to Certificateholders at least 20 days prior to such date) (see Part A--'Summary of Essential Information' for the date of the commencement of the Liquidation Period) will have his Units redeemed on commencement of the Liquidation Period by distribution of the Certificateholder's pro rata share of the net asset value of the Trust on such date distributed in kind to the extent represented by Fund Shares and the balance in cash to the extent represented by Treasury Obligations, within 7 calendar days next following the commencement of the Liquidation Period. Certificateholders subsequently selling such distributed Fund Shares will incur brokerage costs when disposing of such Fund Shares. An election of this option will not prevent the Certificateholder from recognizing taxable gain or loss as a result of the liquidation of the Treasury Obligations. Certificateholders should consult their own tax adviser in this regard.

A Certificateholder may also elect prior to the Mandatory Termination Date by so specifying in a properly completed election request, the following two options with regard to the termination distribution of such Certificateholder's interest in the Trust as set forth below:

2. to receive in cash such Certificateholder's pro rata share of the net asset value of the Trust derived from the sale by the Sponsor as the agent of the Trustee of the underlying Securities over a period not to exceed 60 days immediately following the commencement of the Liquidation Period. The Certificateholder's Redemption Price per Unit on the settlement date of the last trade of a Security in the Trust will be distributed to such Certificateholder within 7 days of the settlement of the trade of the last Security to be sold; and/or

3. upon the receipt by the Trust of an appropriate exemptive order from the Securities and Exchange Commission, to invest such Certificateholder's pro rata share of the net asset value of the Trust derived from the sale by the Sponsor as agent of the Trustee of the underlying Securities over a period not to exceed 60 days immediately following the commencement of the Liquidation Period, in units of a subsequent series of Equity Securities Trust, Signature Series (the 'New Series'). The Units of a New Series will be purchased by the Certificateholder within 7 days of the settlement of the trade for the last Security to be sold. Such purchaser will be entitled to a reduced sales load of approximately 2.5% of the Public Offering Price upon the purchase of units of the New Series. It is expected that the terms of the New Series will be substantially the same as the terms of the Trust described in this Prospectus, and that similar options with respect to the termination of such New Series will be available. The availability of this option does not constitute a solicitation of an offer to purchase Units of a New Series or any other security. A Certificateholder's election to participate in this option will be treated as an indication of interest only. At any time prior to the purchase by the Certificateholder of units of a New Series such Certificateholder may change his investment

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strategy and receive, in cash, the proceeds of the sale of the Securities. An election of this option will not prevent the Certificateholder from recognizing taxable gain or loss (except in the case of a loss, if the New Series is treated as substantially identical to the Trust) as a result of the liquidation, even though no cash will be distributed to pay any taxes. Certificateholders should consult their own tax advisers in this regard.

The Sponsor has agreed to effect the sales of underlying securities for the Trustee in the case of the second and third options over a period not to exceed 60 days immediately following the commencement of the Liquidation Period free of brokerage commissions. The Sponsor, on behalf of the Trustee, will sell, unless prevented by unusual and unforeseen circumstances, such as, among other reasons, a suspension in trading of a Security, the close of a stock exchange, outbreak of hostilities and collapse of the economy, on each business day during the 60

day period at least a number of shares of each Security which then remains in the portfolio (based on the number of shares of each issue in the portfolio) multiplied by a fraction the numerator of which is one and the denominator of which is the number of days remaining in the 60 day sales period. The Redemption Price Per Unit upon the settlement of the last sale of Securities during the 60 day period will be distributed to Certificateholders in redemption of such Certificateholders' interest in the Trust.

Depending on the amount of proceeds to be invested in Units of the New Series and the amount of other orders for Units in the New Series, the Sponsor may purchase a large amount of securities for the New Series in a short period of time. The actual market impact of the Sponsor's purchases, however, is currently unpredictable because the actual amount of securities to be purchased and the supply and price of those securities is unknown. A similar problem may occur in connection with the sale of Securities during the 60 day period immediately following the commencement of the Liquidation Period. The Sponsor believes that the sale of underlying Securities over a 60 day period as described above is in the best interest of a Certificateholder and may mitigate the negative market price consequences stemming from the trading of large amounts of Securities. The Securities may be sold in fewer than 60 days if, in the Sponsor's judgment, such sales are in the best interest of Certificateholders. The Sponsor, in implementing such sales of securities on behalf of the Trustee, will seek to maximize the sales proceeds and will act in the best interests of the Certificateholders. There can be no assurance, however, that any adverse price consequences of heavy trading will be mitigated.

Certificateholders who do not make any election will be deemed to have elected to receive the Redemption Price per Unit in cash (option number 2).

The Sponsor may for any reason, in its sole discretion, decide not to sponsor any subsequent series of the Trust, without penalty or incurring liability to any Certificateholder. If the Sponsor so decides, the Sponsor will notify the Trustee of that decision, and the Trustee will notify the Certificateholders before the Termination Date. All Certificateholders will then elect either option 1 or option 2.

By electing to reinvest in the New Series, the Certificateholder indicates his interest in having his terminating distribution from the Trust invested only in the New Series created following termination of the Trust; the Sponsor expects, however, that a similar reinvestment program will be offered with respect to all subsequent series of the Trust, thus giving Certificateholders a yearly opportunity to elect to 'rollover' their terminating distributions into a New Series. The availability of the reinvestment privilege does not constitute a solicitation of offers to purchase units of a New Series or any other security. A Certificateholder's election to participate in the reinvestment program will be treated as an indication of interest only. The Sponsor intends to coordinate the date of deposit of a future series so that the terminating trust will terminate contemporaneously with the creating of a New Series.

The Sponsor reserves the right to modify, suspend or terminate the reinvestment privilege at any time.

#### THE SPONSOR

The Sponsor, Bear, Stearns & Co. Inc., a Delaware corporation, is engaged in the underwriting, investment banking and brokerage business and is a member of the National Association of Securities Dealers, Inc. and all principal securities and commodities exchanges, including the New York Stock Exchange, the American Stock Exchange, the Midwest Stock Exchange and the Pacific Stock Exchange. Bear Stearns maintains its principal business offices at 245 Park Avenue, New York, New York 10167 and, since its reorganization from a partnership to a corporation in October, 1985 has been a wholly-owned subsidiary of The Bear Stearns Companies Inc. Bear Stearns, through its predecessor entities, has been engaged in the investment banking and brokerage business since 1923. Bear Stearns is the sponsor for numerous series of unit investment trusts, including, A Corporate Trust, Series 1 (and Subsequent Series), New York Municipal Trust, Series 1 (and Subsequent Series), New York Discount and Zero Coupon Fund, 1st Series (and Subsequent Series), Municipal Securities Trust, Series 1 (and Subsequent Series), 1st Discount Series (and Subsequent Series), Multi-State Series 1 (and Subsequent Series), High Income Series 1 (and Subsequent Series), Short-Intermediate Term Series 1 (and Subsequent Series), Mortgage Securities Trust, Series 1 (and Subsequent Series), Insured Municipal Securities Trust, Series 1 (and Subsequent Series) and 5th Discount Series (and Subsequent Series) and Equity Securities Trust, Series 1, Signature Series,

The information included herein is only for the purpose of informing investors as to the financial responsibility of the Sponsor and its ability to carry out their contractual obligations.

The Sponsor will be under no liability to Certificateholders for taking any action, or refraining from taking any action, in good faith pursuant to the Trust Agreement, or for errors in judgment except in cases of their own willful misfeasance, bad faith, gross negligence or reckless disregard of their obligations and duties.

The Sponsor may resign at any time by delivering to the Trustee an instrument of resignation executed by the Sponsor.

If at any time the Sponsor shall resign or fail to perform any of its duties under the Trust Agreement or becomes incapable of acting or becomes bankrupt or its affairs are taken over by public authorities, then the Trustee may either (a) appoint a successor Sponsor; (b) terminate the Trust Agreement and liquidate the Trust; or (c) continue to act as Trustee without terminating the Trust Agreement. Any successor Sponsor appointed by the Trustee shall be satisfactory to the Trustee and, at the time of appointment, shall have a net worth of at least \$1,000,000.

#### THE TRUSTEE

The Trustee is United States Trust Company of New York, with its principal place of business 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.

The Trustee shall not be liable or responsible in any way for taking any action, or for refraining from taking any action, in good faith pursuant to the Trust Agreement, or for errors in judgment; or for any disposition of any moneys, Securities or Certificates in accordance with the Trust Agreement, except in cases of its own willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties; provided, however, that the Trustee shall not in any event be liable or responsible for any evaluation made by any independent evaluation service employed by it. In addition, the Trustee shall not be liable for any taxes or other governmental charges imposed upon or in respect of the Securities or the Trust which it may be required to pay under current or future law of the United States or any other taxing authority having jurisdiction. The Trustee shall not be liable

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for depreciation or loss incurred by reason of the sale by the Trustee of any of the Securities pursuant to the Trust Agreement.

For further information relating to the responsibilities of the Trustee under the Trust Agreement, reference is made to the material set forth under 'Rights of Certificateholders.'

The Trustee may resign by executing an instrument in writing and filing the same with the Sponsor, and mailing a copy of a notice of resignation to all Certificateholders. In such an event the Sponsor is obligated to appoint a successor Trustee as soon as possible. In addition, 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 Trust Agreement. Notice of such removal and appointment shall be mailed to each Certificateholder by the Sponsor. If upon resignation of the 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 the Trustee becomes effective only when the successor Trustee accepts its appointment as such or when a court of competent jurisdiction appoints a successor Trustee. Upon execution of a written acceptance of such appointment by such successor Trustee, all the rights, powers, duties and obligations of the original Trustee shall vest in the successor.

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



United States or any State and have at all times an aggregate capital, surplus and undivided profits of not less than \$2,500,000.

#### THE EVALUATOR

The Evaluator is Kenny S&P Evaluation Services, a division of Kenny Information Systems, Inc., with its main offices located at 65 Broadway, New York, New York 10006. The Evaluator is a wholly-owned subsidiary of McGraw-Hill, Inc. The Evaluator is a registered investment advisor and also provides financial information services.

The value of the Securities in the Trust portfolio is determined in good faith by the Evaluator on the basis set forth under 'Public Offering--Offering Price.' The Sponsor, the Trustee and the Certificateholders may rely on any evaluation furnished by the Evaluator and shall have no responsibility for the accuracy thereof. Determinations by the Evaluator under the Trust Agreement 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 Sponsor, the Trustee or Certificateholders for errors in judgment, except in cases of its own willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties. The Trustee, the Sponsor, the Evaluator and the Certificateholders may rely on any evaluation furnished to the Evaluator by an independent evaluation service and shall have no responsibility for the accuracy thereof.

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

#### TRUST EXPENSES AND CHARGES

At no cost to the Trust, the Sponsor has borne all the expenses of creating and establishing the Trust, including the cost of initial preparation and execution of the Trust Agreement, registration of the Trust and the Units under the Investment Company Act of 1940 and the Securities Act of 1933, the initial preparation and

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printing of the Certificates, legal expenses, advertising and selling expenses, expenses of the Trustee, initial fees and other out-of-pocket expenses.

The Sponsor will not charge the Trust a fee for their services as such. (See 'Sponsor's and Underwriters' Profits.')

The Trustee will receive, for its ordinary recurring services to the Trust an annual fee in the amount set forth under 'Summary of Essential Information' in Part A. Such fee shall be reduced by any Rule 12b-1 fees paid by the Fund's distributor to the Trustee for performing servicing functions with respect to the Fund Shares. There can be no assurance that the Trustee will receive any Rule 12b-1 fees in the future. For a discussion of the services performed by the Trustee pursuant to its obligations under the Trust Agreement, see 'Trust Administration' and 'Rights of Certificateholders.'

For each evaluation of the Treasury Obligations in the Trust, the Evaluator shall receive a fee as set forth in the 'Summary of Essential Information.'

The Trustee's fees and The Evaluator's fees applicable to a Trust are payable annually as of the Record Date from the Income Account of the Trust to

the extent funds are available and then from the Principal Account. Both fees may be increased without approval of the Certificateholders by amounts not exceeding proportionate increases in consumer prices for services as measured by the United States Department of Labor's Consumer Price Index entitled 'All Services Less Rent.'

The following additional charges are or may be incurred by the Trust: all expenses (including counsel fees) of the Trustee incurred and advances made in connection with its activities under the Trust Agreement, including the expenses and costs of any action undertaken by the Trustee to protect the Trust and the rights and interests of the Certificateholders; fees of the Trustee for any extraordinary services performed under the Trust Agreement; indemnification of the Trustee for any loss or liability accruing to it without gross negligence, bad faith or willful misconduct on its part, arising out of or in connection with its acceptance or administration of the Trust; indemnification of the Sponsor for any losses, liabilities and expenses incurred in acting as sponsors of the Trust without gross negligence, bad faith or willful misconduct on its part; and all taxes and other governmental charges imposed upon the Securities or any part of the Trust (no such taxes or charges are being levied, made or, to the knowledge of the Sponsor, contemplated). The above expenses, including the Trustee's fees, when paid by or owing to the Trustee are secured by a first lien on the Trust to which such expenses are charged. In addition, the Trustee is empowered to sell the Securities in order to make funds available to pay all expenses.

The fees and expenses set forth herein are payable out of the Trust and when paid by or owing to the Trustee are secured by a lien on the Trust. If the cash dividend, capital gains distributions and Rule 12b-1 fees paid to the Trustee by the Fund's distributor are insufficient to provide for amounts payable by the Trust, the Trustee has the power to sell Fund Shares (not Treasury Obligations) to pay such amounts. To the extent Fund Shares are sold, the size of the Trust will be reduced and the proportions of the types of Securities will change. Such sales might be required at a time when Fund Shares would not otherwise be sold and might result in lower prices than might otherwise be realized. Moreover, due to the minimum amount in which Fund Shares may be required to be sold, the proceeds of such sales may exceed the amount necessary for the payment of such fees and expenses. If the cash dividends, capital gains distributions, Rule 12b-1 fees paid to the Trustee by the Fund's distributor and proceeds of Fund Shares sold after deducting the ordinary expenses are insufficient to pay the extraordinary expenses of the Trust the Trustee has the power to sell Treasury Obligations to pay such extraordinary expenses.

The accounts of the Trust shall be audited not less than annually by independent public accountants selected by the Sponsor. The expenses of the audit shall be an expense of the Trust. So long as the Sponsor maintains a secondary market, the Sponsor will bear any audit expense which exceeds \$.50 Cents per Unit. Certificateholders covered by the audit during the year may receive a copy of the audited financials upon request.

#### EXCHANGE PRIVILEGE AND CONVERSION OFFER

Upon receipt by the Trust of an appropriate exemptive order from the Securities and Exchange Commission, Certificateholders will be able to elect to exchange any or all of their Units of this Trust for Units of one or more of any available series of Equity Securities Trust, Mortgage Securities Trust, Insured Municipal Securities Trust, Municipal Securities Trust, New York Municipal Trust, Mortgage Securities Trust or A Corporate Trust (the 'Exchange Trusts') at a reduced sales charge as set forth below. Under the Exchange Privilege, the Sponsor's repurchase price during the initial offering period of the Units being surrendered will be based on the market value of the Securities in the Trust portfolio or on the aggregate offer price of the securities in the other Trust Portfolios; and, after the initial offering period has been completed, will be based on the aggregate bid price of the securities in the particular Trust portfolio. Units in an Exchange Trust then will be sold to the Certificateholder at a price based on the aggregate offer price of the Bonds in the Exchange Trust portfolio during the initial public offering period of the Exchange Trust; or based on the aggregate bid price of the securities in the Exchange Trust Portfolio if its initial offering has been completed plus accrued interest and a reduced sales charge as set forth below.

Except for unitholders who wish to exercise the Exchange Privilege within the first five months of their purchase of Units of the Trust, the sales charge applicable to the purchase of units of an Exchange Trust shall be approximately 1.5% of the price of each Exchange Trust unit (or 1,000 Units for the Mortgage Securities Trust or 100 Units for the Equity Securities Trust). For unitholders who wish to exercise the Exchange Privilege within the first five months of their purchase of Units of the Trust, the sales charge applicable to the purchase of units of an Exchange Trust shall be the greater of (i) approximately 1.5% of the price of each Exchange Trust unit (or 1,000 Units for the Mortgage Securities Trust or 100 Units for the Equity Securities Trust), or (ii) an amount which when coupled with the sales charge paid by the unitholder upon his original purchase of Units of the Trust at least equals the sales charge applicable in the direct purchase of units of an Exchange Trust. The Exchange Privilege is subject to the following conditions:

1. The Sponsor must be maintaining a secondary market in both the Units of the Trust held by the Certificateholder and the Units of the available Exchange Trust. While the Sponsor has indicated its intention to maintain a market in the Units of all Trusts sponsored by it, the Sponsor is under no obligation to continue to maintain a secondary market and therefore there is no assurance that the Exchange Privilege will be available to a Certificateholder at any specific time in the future. At the time of the Certificateholder's election to participate in the Exchange Privilege, there also must be Units of the Exchange Trust available for sale, either under the initial primary distribution or in the Sponsor's secondary market.

2. Exchanges will be effected in whole units only. Any excess proceeds from the Units surrendered for exchange will be remitted and the selling Certificateholder will not be permitted to advance any new funds in order to complete an exchange. Units of the Mortgage Securities Trust may only be acquired in blocks of 1,000 Units. Units of the Equity Securities Trust may only be acquired in blocks of 100 Units.

3. The Sponsor reserves the right to suspend, modify or terminate the Exchange Privilege. The Sponsor will provide unitholders of the Trust with 60 days prior written notice of any termination or material amendment to the Exchange Privilege, provided that, no notice need be given if (i) the only material effect of an amendment is to reduce or eliminate the sales charge payable at the time of the exchange, to add one or more series of the Trust eligible for the Exchange Privilege or to delete a series which has been terminated from eligibility for the Exchange Privilege, (ii) there is a suspension of the redemption of units of an Exchange Trust under Section 22(e) of the Investment Company Act of 1940, or (iii) an Exchange Trust temporarily delays or ceases the sale of its units because it is unable to invest amounts effectively in accordance with its investment objectives, policies and restrictions. During the 60 day notice period prior to the termination or material amendment of the Exchange Privilege described above, the Sponsor will continue to maintain a secondary market in the units of all Exchange Trusts that could be acquired by the affected unitholders. Unitholders may, during this 60 day period, exercise the Exchange Privilege in accordance with its terms then in effect. In the event the Exchange Privilege is not available to a

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Certificateholder at the time he wishes to exercise it, the Certificateholder will immediately be notified and no action will be taken with respect to his Units without further instructions from the Certificateholder.

To exercise the Exchange Privilege, a Certificateholder should notify the Sponsor of his desire to exercise his Exchange Privilege. If Units of a designated, outstanding series of an Exchange Trust are at the time available for sale and such Units may lawfully be sold in the state in which the Certificateholder is a resident, the Certificateholder will be provided with a current prospectus or prospectuses relating to each Exchange Trust in which he indicates an interest. He may then select the Trust or Trusts into which he desires to invest the proceeds from his sale of Units. The exchange transaction will operate in a manner essentially identical to a secondary market transaction except that units may be purchased at a reduced sales charge.

EXAMPLE: Assume that after the initial public offering has been completed, a Certificateholder has five units of a Trust with a current value of \$700 per unit which he has held for more than 5 months and the Certificateholder wishes to exchange the proceeds for units of a secondary market Exchange Trust with a current price of \$725 per unit. The proceeds from the Certificateholder's

original units will aggregate \$3,500. Since only whole units of an Exchange Trust may be purchased under the Exchange Privilege, the Certificateholder would be able to acquire four units (or 4,000 Units of the Mortgage Securities Trust or 400 Units of the Equity Securities Trust) for a total cost of \$2,960 (\$2,900 for units and \$60 for the sales charge). The remaining \$540 would be remitted to the Certificateholder in cash. If the Certificateholder acquired the same number of units at the same time in a regular secondary market transaction, the price would have been \$3,068.80 (\$2,900 for units and \$168.80 for the sales charge, assuming a 5 1/2% sales charge times the public offering price).

#### THE CONVERSION OFFER

Upon receipt by the Trust of an appropriate exemptive order from the Securities and Exchange Commission, Unit owners of any registered unit investment trust for which there is no active secondary market in the units of such trust (a 'Redemption Trust') will be able to elect to redeem such units and apply the proceeds of the redemption to the purchase of available Units of one or more series of Mortgage Securities Trust, A Corporate Trust, Municipal Securities Trust, Insured Municipal Securities Trust, Mortgage Securities Trust, New York Municipal Trust or Equity Securities Trust (the 'Conversion Trusts') at the Public Offering Price for units of the Conversion Trust based on a reduced sales charge as set forth below. Under the Conversion Offer, units of the Redemption Trust must be tendered to the trustee of such trust for redemption at the redemption price, which is based upon the market value of the underlying securities in the Trust portfolio or the aggregate bid side evaluation of the underlying bonds in other Trust portfolios and is generally about 1 1/2% to 2% lower than the offering price for such bonds. The purchase price of the units will be based on the aggregate offer price of the underlying bonds in the Conversion Trust portfolio during its initial offering period; or, at a price based on the aggregate bid price of the underlying bonds if the initial public offering of the Conversion Trust has been completed, plus accrued interest and a sales charge as set forth below.

Except for unitholders who wish to exercise the Conversion Offer within the first five months of their purchase of units of a Redemption Trust, the sales charge applicable to the purchase of Units of the Conversion Trust shall be approximately 1.5% of the price of each Unit (or per 1,000 Units for the Mortgage Securities Trust or 100 Units for the Equity Securities Trust). For unitholders who wish to exercise the Conversion Offer within the first five months of their purchase of units of a Redemption Trust, the sales charge applicable to the purchase of Units of a Conversion Trust shall be the greater of (i) approximately 1.5% of the price of each Unit (or per 1,000 Units for the Mortgage Securities Trust or 100 Units for the Equity Securities Trust) or (ii) an amount which when coupled with the sales charge paid by the unitholder upon his original purchase of units of the Redemption Trust at least equals the sales charge applicable in the direct purchase of Units of a Conversion Trust. The Conversion Offer is subject to the following limitations:

1. The Conversion Offer is limited only to unit owners of any Redemption Trust, defined as a unit investment trust for which there is no active secondary market at the time the Certificateholder elects to participate in the Conversion Offer. At the time of the unit owner's election to participate in the Conversion

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Offer, there also must be available units of a Conversion Trust, either under a primary distribution or in the Sponsor's secondary market.

2. Exchanges under the Conversion Offer will be effected in whole units only. Unit owners will not be permitted to advance any new funds in order to complete an exchange under the Conversion Offer. Any excess proceeds from units being redeemed will be returned to the unit owner. Units of the Mortgage Securities Trust may only be acquired in blocks of 1,000 units. Units of the Equity Securities Trust may only be acquired in blocks of 100 Units.

3. The Sponsor reserves the right to modify, suspend or terminate the Conversion Offer at any time without notice to unit owners of Redemption Trusts. In the event the Conversion Offer is not available to a unit owner at the time he wishes to exercise it, the unit owner will be notified immediately and no action will be taken with respect to his units without further instruction from the unit owner. The Sponsor also reserves the right to raise the sales charge based on actual increases in the Sponsor's costs and expenses in connection with administering the program, up to a maximum sales charge of 2% per unit (or per 1,000 units for the Mortgage Securities Trust or 100 Units for the Equity Securities Trust).

To exercise the Conversion Offer, a unit owner of a Redemption Trust should notify his retail broker of his desire to redeem his Redemption Trust Units and use the proceeds from the redemption to purchase Units of one or more of the Conversion Trusts. If Units of a designated, outstanding series of a Conversion Trust are at that time available for sale and if such Units may lawfully be sold in the state in which the unit owner is a resident, the unit owner will be provided with a current prospectus or prospectuses relating to each Conversion Trust in which he indicates an interest. He then may select the Trust or Trusts into which he decides to invest the proceeds from the sale of his Units. The transaction will be handled entirely through the unit owner's retail broker. The retail broker must tender the units to the trustee of the Redemption Trust for redemption and then apply the proceeds to the redemption toward the purchase of units of a Conversion Trust at a price based on the aggregate offer or bid side evaluation per Unit of the Conversion Trust, depending on which price is applicable, plus accrued interest and the applicable sales charge. The certificates must be surrendered to the broker at the time the redemption order is placed and the broker must specify to the Sponsor that the purchase of Conversion Trust Units is being made pursuant to the Conversion Offer. The unit owner's broker will be entitled to retain \$5 of the applicable sales charge.

EXAMPLE: Assume a unit owner has five units of a Redemption Trust which has held for more than 5 months with a current redemption price of \$675 per unit based on the aggregate bid price of the underlying bonds and the unit owner wishes to participate in the Conversion Offer and exchange the proceeds for units of a secondary market Conversion Trust with a current price of \$750 per Unit. The proceeds for the unit owner's redemption of units will aggregate \$3,375. Since only whole units of a Redemption Trust may be purchased under the Conversion Offer, the unit owner will be able to acquire four units of the Conversion Trust (or 4,000 units of the Mortgage Securities Trust or 400 Units of the Equity Securities Trust) for a total cost of \$2,860 (\$2,800 for units and \$60 for the sales charge). The remaining \$515 would be remitted to the unit owner in cash. If the unit owner acquired the same number of Conversion Trust units at the same time in a regular secondary market transaction, the price would have been \$2,962.96 (\$2,800 for units and \$162.96 sales charge, assuming a 5 1/2% sales charge times the public offering price).

#### TAX CONSEQUENCES OF THE EXCHANGE PRIVILEGE AND THE CONVERSION OFFER

A surrender of units pursuant to the Exchange Privilege or the Conversion Offer will constitute a 'taxable event' to the Certificateholder under the Internal Revenue Code. The Certificateholder will realize a tax gain or loss that will be of a long-or short-term capital or ordinary income nature depending on the length of time the units have been held and other factors. (See 'Tax Status'.) A Certificateholder's tax basis in the Units acquired pursuant to the Exchange Privilege or Conversion Offer will be equal to the purchase price of such Units. Investors should consult their own tax advisers as to the tax consequences to them of exchanging or redeeming units and participating in the Exchange Privilege or Conversion Offer.

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#### OTHER MATTERS

##### LEGAL OPINIONS

The legality of the Units offered hereby and certain matters relating to federal tax law have been passed upon by Messrs. Battle Fowler, 280 Park Avenue, New York, New York 10017 as counsel for the Sponsor. Messrs. Carter, Ledyard & Milburn, Two Wall Street, New York, New York 10005 have acted as counsel for the Trustee.

##### INDEPENDENT AUDITORS

The Statement of Condition and Portfolio are included herein in reliance upon the report of KPMG Peat Marwick, independent auditors, and upon the authority of said firm as experts in accounting and auditing.

##### LEGAL MATTERS

The Investment Company Act of 1940 (the 'Act') limits the amounts that registered investment companies (such as the Trust) can own of other registered investment companies (such as the Fund). However, Section 12(d)(1)(E) of the Act would exempt the Trust from these limitations if the Fund is the only 'investment security' held by the Trust. While the term 'investment security' is not defined in Section 12(d) of the Act, it is defined in another section of the

Act to exclude government securities (such as the Treasury Obligations) from its scope. Therefore, since the Trust only owns shares of the Fund and Treasury Obligations it complies with the exception of Section 12(d)(1)(E). Further, the Office of Chief Counsel of the Division of Investment Management of the Securities and Exchange Commission granted the Sponsor 'no action' assurance on this issue.

DESCRIPTION OF CORPORATE BOND RATINGS  
MOODY'S INVESTORS SERVICE, INC.

Aaa: Bonds which are rated Aaa are judged to be 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. They are rated lower than the best bonds because margins of protection may not be as large as Aaa securities or fluctuations 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

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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 market 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.

Unrated: Where no rating has been assigned or where a rating has been suspended or withdrawn, it may be for reasons unrelated to the quality of the issue.

Should no rating be assigned, the reason may be one of the following:

1. An application for rating was not received or accepted.
2. The issue or issuer belongs to a group of securities that are not rated as a matter of policy.
3. There is a lack of essential data pertaining to the issue or issuer.
4. The issue was privately based, in which case the rating is not published in Moody's Investors Service, Inc.'s publications.

Suspension or withdrawal may occur if new and material circumstances arise, the effects of which preclude satisfactory analysis; if there is no longer available reasonable up-to-date data to permit a judgment to be formed; if a bond is called for redemption; or for other reasons.

Note: Those bonds in the Aa, A, Baa, Ba and B groups which Moody's believe possess the strongest investment attributes are designated by the symbols Aa-1, A-1, Baa-1, and B-1.

#### STANDARD & POOR'S CORPORATION

AAA: Bonds rated AAA have the highest rating assigned by Standard & Poor's Corporation ('S&P'). Capacity to pay interest and repay principal is extremely strong.

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

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

BB, B, CCC, CC, C: Bonds rated BB, B, CCC, CC and C are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of this 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, they are outweighed by large uncertainties of major risk exposures to adverse conditions.

C1: The rating C1 is reserved for income bonds on which no interest is being paid.

D: Bonds rated D are in default, and payment of interest and/or repayment of principal is in arrears.

Plus (+) or minus (-): 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.

NR: Indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular type of obligation as a matter of policy.

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I am the owner of \_\_\_\_\_ units of Equity Securities Trust, Series \_\_\_\_\_.

I would like to learn more about GOC Fund, Inc. (formerly The Manager's Fund), Inc., U.S. Treasury Money Market Portfolio including charges and expenses. I understand that my request for more information about this fund in no way obligates me to participate in the reinvestment option, and that this request form is not an offer to sell. Please send me more information, including a copy of the current prospectus of GOC Fund, Inc., U.S. Treasury Money Market Portfolio.

Date \_\_\_\_\_, 199\_\_

\_\_\_\_\_  
Registered Holder (Print)

\_\_\_\_\_  
Registered Holder (Print)

\_\_\_\_\_  
Registered Holder top Signature

\_\_\_\_\_  
Registered Holder Signature  
(Two signatures if joint tenancy)

My Brokerage Firm's Name \_\_\_\_\_

Name \_\_\_\_\_

Address, City & State \_\_\_\_\_

Broker's Name \_\_\_\_\_ Broker's No. \_\_\_\_\_

MAIL TO  
GOC FUND, INC.  
8 SOUND SHORE DRIVE  
GREENWICH, CONNECTICUT 06830

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN PARTS A AND B OF THIS PROSPECTUS; AND ANY INFORMATION OR REPRESENTATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE TRUST, THE TRUSTEE OR THE SPONSOR. THE TRUST IS REGISTERED AS A UNIT INVESTMENT TRUST UNDER THE INVESTMENT COMPANY ACT OF 1940. SUCH REGISTRATION DOES NOT IMPLY THAT THE TRUST OR ANY OF ITS UNITS HAVE BEEN GUARANTEED, SPONSORED, RECOMMENDED OR APPROVED BY THE UNITED STATES OR ANY STATE OR ANY AGENCY OR OFFICER THEREOF.



-----  
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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<CAPTION>

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</TABLE>  
  
PARTS A AND B OF THIS PROSPECTUS DO NOT CONTAIN ALL OF THE INFORMATION SET FORTH IN THE REGISTRATION STATEMENT AND EXHIBITS RELATING THERETO, 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 MADE.

[LOGO] EQUITY SECURITIES TRUST SERIES 4

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GABELLI VALUE FUND AND U.S. TREASURIES  
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Equit's  
(UNIT INVESTMENT TRUST)  
  
PROSPECTUS  
  
DATED: JANUARY 21, 1994  
  
SPONSOR:  
  
BEAR, STEARNS & CO. INC.  
245 PARK AVENUE  
NEW YORK, N.Y. 10167  
212-272-2500

TRUSTEE:  
  
UNITED STATES TRUST COMPANY  
OF NEW YORK  
770 BROADWAY  
NEW YORK, N.Y. 10003

EVALUATOR:

KENNY S&P EVALUATION SERVICES  
65 BROADWAY

## PART II -- ADDITIONAL INFORMATION NOT REQUIRED IN PROSPECTUS

## ITEM A -- BONDING ARRANGEMENTS

The employees of Bear, Stearns & Co. Inc. are covered under Brokers' Blanket Policy, Standard Form 14, in the amount of \$11,000,000 (plus \$196,000,000 excess coverage under Brokers' Blanket Policies, Standard Form 14 and Form B Consolidated). This policy has an aggregate annual coverage of \$15 million.

## ITEM B -- CONTENTS OF REGISTRATION STATEMENT

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

The facing sheet on Form S-6.  
 The Cross-Reference Sheet.  
 The Prospectus consisting of        pages.  
 Undertakings.  
 Signatures.  
 Written consents of the following persons:  
     Battle Fowler (included in Exhibit 3.1)  
     KPMG Peat Marwick

Kenny S&P Evaluation Services (included in Exhibit 5.1)

The following exhibits:

<TABLE>	
<S>	<C>
*99.1.1	--Reference Trust Agreement including certain amendments to the Trust Indenture and Agreement referred to under Exhibit 99.1.1.1 below.
*99.1.1.1	--Form of Trust Indenture and Agreement.
99.1.3.4	--Certificate of Incorporation of Bear, Stearns & Co. Inc., as amended (filed as Exhibit 99.1.3.4 to Form S-6 Registration Statement Nos. 33-50891 and 33-50901 of Insured Municipal Securities Trust, New York Navigator Insured Series 15 and New Jersey Navigator Insured Series 11; and Municipal Securities Trust, Multi-State Series 44, respectively, on December 9, 1993 and incorporated herein by reference).
99.1.3.5	--By-Laws of Bear, Stearns & Co. Inc., as amended (filed as Exhibit 99.1.3.5 to Form S-6 Registration Statement Nos. 33-50891 and 33-50901 of Insured Municipal Securities Trust, New York Navigator Insured Series 15 and New Jersey Navigator Insured Series 11; and Municipal Securities Trust, Multi-State Series 44, respectively, on December 9, 1993 and incorporated herein by reference).
99.1.4	--Form of Agreement Among Underwriters (filed as Exhibit 1.4 to Amendment No. 1 to Form S-6 Registration Statement No. 33-28384 of Insured Municipal Securities Trust, 47th Discount Series and Series 20 on June 16, 1989 and incorporated herein by reference).
*99.2.1	--Form of Certificate.
*99.3.1	--Opinion of Battle Fowler as to the legality of the securities being registered, including their consent to the filing thereof and to the use of their name under the headings 'Tax Status' and 'Legal Opinions' in the Prospectus, and to the filing of their opinion regarding tax status of the Trust.

</TABLE>

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\* Filed herewith.

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<TABLE>	
<S>	<C>
*99.5.1	--Consent of the Evaluator.
99.6.0	--Power of Attorney of Bear, Stearns & Co. Inc., the Depositor, by its officers and a majority of its Directors (filed as Exhibit 6.0 to Post-Effective Amendment No. 8 to Form S-6 Registration Statement Nos. 2-92113, 2-92660, 2-93073, 2-93884 and 2-94545 of Municipal Securities Trust, Multi-State

</TABLE>

- - - - -

\* Filed herewith.

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UNDERTAKING TO FILE REPORTS

Subject to the terms and conditions of Section 15(d) of the Securities Exchange Act of 1934, the undersigned registrant hereby undertakes to file with the Securities and Exchange Commission such supplementary and periodic information, documents, and reports as may be prescribed by any rule or regulation of the Commission heretofore or hereafter duly adopted pursuant to authority conferred in that section.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT, EQUITY SECURITIES TRUST, SERIES 4, EQUIT'S HAS DULY CAUSED THIS AMENDMENT NO. 1 TO THE REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, HEREUNTO DULY AUTHORIZED, IN THE CITY OF NEW YORK AND STATE OF NEW YORK ON THE 21ST DAY OF JANUARY, 1994.

EQUITY SECURITIES TRUST, SERIES 4, Equit's  
(Registrant)

BEAR, STEARNS & CO. INC.  
(Depositor)

By /s/ PETER J. DEMARCO

-----  
Peter J. DeMarco  
(Authorized Signator)

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS AMENDMENT NO. 1 TO THE REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS, WHO CONSTITUTE THE PRINCIPAL OFFICERS AND A MAJORITY OF THE DIRECTORS OF BEAR, STEARNS & CO. INC., THE DEPOSITOR, IN THE CAPACITIES AND ON THE DATES INDICATED.

<TABLE>  
<CAPTION>

NAME	TITLE	DATE
<S>	<C>	<C>
ALAN C. GREENBERG	Chairman of the Board, Chief Executive Officer, Director and Senior Managing Director )	
JAMES E. CAYNE	President, Director and Senior Managing Director )	January 21, 1994
ALVIN H. EINBENDER	Chief Operating Officer, Executive Vice President, Director and Senior Managing Director )	
JOHN C. SITES, JR.	Executive Vice President, Director and Senior Managing Director )	
MICHAEL L. TARNOPOL	Executive Vice President, Director and Senior Managing Director )	By /s/ PETER J. DEMARCO
VINCENT J. MATTONE	Executive Vice President, Director and Senior Managing Director )	Peter J. DeMarco Attorney-in-Fact*
ALAN D. SCHWARTZ	Executive Vice President, Director and Senior Managing Director )	

DOUGLAS P.C. NATION	Director and Senior Managing Director	)
		)
WILLIAM J. MONTGORIS	Chief Financial Officer, Senior Vice	)
	President--Finance and Senior Managing	)
	Director	)
		)
KENNETH L. EDLOW	Secretary and Senior Managing Director	)
		)
MICHAEL MINIKES	Treasurer and Senior Managing Director	)
		)
MICHAEL J. ABATEMARCO	Controller, Assistant Secretary and	)
	Senior Managing Director	)
		)
MARK E. LEHMAN	Senior Vice President--General Counsel	)
	and Senior Managing Director	)
		)
FREDERICK B. CASEY	Assistant Treasurer and Senior Managing	)
	Director	)

</TABLE>

- - - - -

\* An executed copy of the power of attorney was filed as Exhibit 6.0 to Post-Effective Amendment No. 8 to Registration Statement Nos. 2-92113, 2-92660, 2-93073, 2-93884 and 2-94545 on October 30, 1992.

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CONSENT OF INDEPENDENT AUDITORS

The Sponsor, Trustee, and Certificateholders

Equity Securities Trust, Series 4, EquiT's

We hereby consent to the use of our report dated January 21, 1994, included herein and to the reference to our Firm under the heading 'Independent Auditors' in the Prospectus.

KPMG PEAT MARWICK

New York, New York  
January 21, 1994

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EQUITY SECURITIES TRUST, SERIES 4

EquiT's

REFERENCE TRUST AGREEMENT

This Reference Trust Agreement (the "Agreement") dated January 21, 1994 among Bear, Stearns & Co. Inc., as Depositor, United States Trust Company of New York, as Trustee, and Kenny S&P Evaluation Services, a division of Kenny Information Systems, Inc., as Evaluator, sets forth certain provisions in full and incorporates other provisions by reference to the document entitled "Equity Securities Trust, Series 4, EquiT's, and Subsequent Series, Trust Indenture and Agreement" dated January 21, 1994 (the "Indenture") as amended in part by this Agreement (collectively, such documents hereinafter called the "Indenture and Agreement"). This Agreement and the Indenture, as incorporated by reference herein, will constitute a single instrument.

WITNESSETH THAT:

WHEREAS, this Agreement is a Reference Trust Agreement as defined in Section 1.1 of the Indenture, and shall be amended and modified from time to time by an Addendum as defined in Section 1.1 (1) of the Indenture, such Addendum setting forth any Additional Securities as defined in Section 1.1 (2) of the Indenture;

WHEREAS, the Depositor wishes to deposit Securities, and any Additional Securities as listed on any Addendums hereto, into the Trust and issue Units, and Additional Units as the case maybe, in respect thereof pursuant to Sections 2.1 and 2.6 of the Indenture; and

NOW THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the Depositor and the Trustee as follows:

Part I

STANDARD TERMS AND CONDITIONS OF TRUST

Section 1. Subject to the provisions of Part II hereof, all the provisions contained in the Indenture are herein incorporated by reference in their entirety and shall be deemed to be a part of this instrument as fully and to the same extent as though said provisions had been set forth in full in this instrument.

Section 2. This Reference Trust Agreement may be amended and modified by Addendums, attached hereto, evidencing the purchase of Additional Securities which have been deposited to effect an increase over the number of Units initially specified in Part II of this Reference Trust Agreement ("Additional Closings"). The Depositor and Trustee hereby agree that their respective representations, agreements and certifications contained in the Closing Memorandum dated January 21, 1994, relating to the initial deposit of Securities continue as if such representations, agreements and certifications were made on the date of such Additional Closings and with respect to the deposits made therewith, except as such representations, agreements and certifications relate to their respective By-Laws and as to which they each represent that their has been no amendment affecting their respective abilities to perform their respective obligations under the Indenture.

Part II

SPECIAL TERMS AND CONDITIONS OF TRUST

Section 1. The following special terms and conditions are hereby agreed to:

(a) The Securities (including Contract Securities) listed in Schedule A hereto have been deposited in the Trust under this Agreement.

(b) The number of Units delivered by the Trustee in exchange for the Securities referred to in Section 2.3 is 20,000.

(c) For the purposes of the definition of Unit in item (22) of Section 1.1, the fractional undivided interest in and ownership of the Trust initially is 1/20,000 as of the date hereof.

(d) For the purposes of item (13) of Section 1.1 the definition of the Fund shall mean the Gabelli Value Fund Inc.

(e) The term Record Date shall mean the first Business Day following the first day of January of each year commencing on January 3, 1995.

(f) The term Distribution Date shall mean the fifteenth day of January of each year (or if such day is not a Business Day, the next Business Day thereafter) commencing on January 15, 1995.

(g) The First Settlement Date shall mean January 28, 1994.

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(h) For purposes of Section 4.4, the Evaluator shall receive for each evaluation of the Treasury Obligations in the Trust \$5.00 for each valuation.

(i) For purposes of Section 6.1(g), the liquidation amount is hereby specified to be 40% of the aggregate value of the Securities at the completion of the Deposit Period.

(j) For purposes of Section 6.4, the Trustee shall be paid per annum \$.93 per 100 Units outstanding.

(k) The Termination Date shall be August 15, 2008 or the disposition of the last Security in the Trust.

(l) The fiscal year for the Trust shall end on December 31st of each year.

(m) For purposes of this Series of Equity Securities Trust, the form of Certificate set forth in Indenture shall be appropriately modified to reflect the title of this Series and represent as set forth above.

IN WITNESS WHEREOF, the parties hereto have caused this Reference Trust Agreement to be duly executed on the date first above written.

[Signatures on separate pages]

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BEAR, STEARNS & CO. INC.  
Depositor

PETER J. DEMARCO  
Managing Director

STATE OF NEW YORK )  
: ss.:  
COUNTY OF NEW YORK )

I, Teresa Scilla, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Peter J.

DeMarco personally known to me to be the same person whose name is subscribed to the foregoing instrument and personally known to me to be a Managing Director of Bear, Stearns & Co. Inc., a corporation, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument as his free and voluntary act as such Managing Director and as the free and voluntary act of said Bear, Stearns & Co. Inc., for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 20th day of January, 1994.

TERESA SCILLA  
Notary Public

(SEAL)

My Commission expires:

TERESA SCILLA  
NOTARY PUBLIC, State of New York  
No.31-4752676  
Qualified in the COUNTY of New York  
Term Expires 8/31/94

UNITED STATES TRUST COMPANY  
OF NEW YORK  
Trustee

THOMAS CENTRONE  
Vice President

(SEAL)

ATTEST:

ANDREW TURNER  
Assistant Secretary

STATE OF NEW YORK )  
: ss.:  
COUNTY OF NEW YORK )

On this 19 day of January, 1994, before me personally came Thomas Centrone, to me known, who being by me duly sworn, said that he is a Vice President of United States Trust Company of New York, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

DOROTHY S. BOCHINO  
Notary Public

(SEAL)

My Commission expires:  
DOROTHY S. BOCHINO  
NOTARY PUBLIC, State of New York  
No. 01B04950864  
Qualified in Richmond County  
Commission Expires 5-8-95

KENNY INFORMATION SYSTEMS, INC.,  
Evaluator

By: JAMES R. QUANDT  
President

SEAL

ATTEST:

SCHEDULE A

SCHEDULE OF PORTFOLIO SECURITIES  
EQUITY SECURITIES TRUST  
SERIES 4  
EQUIT'S  
PORTFOLIO  
AS OF JANUARY 21, 1994  
AN ANNUAL PAYMENT SERIES

<TABLE>  
<CAPTION>

PORTFOLIO NO.	NAME OF ISSUER AND TITLE OF SECURITIES REPRESENTED BY CONTRACTS TO PURCHASE (1)	PERCENTAGE OF FUND	COST OF SECURITIES TO TRUST (2)
<S>	<C>	<C>	<C>
1	\$300,000 Zero Coupon U.S. Treasury Bonds Maturing August 15, 2008	49.68%	\$118,101
2	9,896 Shares of The Gabelli Value Fund Inc. (\$12.09 per Fund Share)	50.32%	119,643
		100.00%	\$237,744

</TABLE>

FOOTNOTES TO PORTFOLIO

(1) The Treasury Obligations have been purchased at a discount from the maturity value because there is no stated interest income thereon (such securities are often referred to as zero coupon securities). Over the life of the Treasury Obligations such discount accrues and upon maturity thereof the holder receives 100% of the Treasury Obligation maturity amount.

Shares in the Fund have been valued at their net asset value as of the Evaluation Time on the day prior to the Date of Deposit. The Fund's investment adviser is Gabelli Funds, Inc.

All Securities are represented by contracts to purchase such Securities. Forward contracts to purchase the Securities were entered into from January 19, 1994 to January 20, 1994. All such contracts are expected to be settled on or about the First Settlement Date of the Trust which is expected to be January 28, 1994.

(2) Offering prices of Treasury Obligations are determined by the Evaluator on the basis stated under 'Public Offering--Offering Price' herein. The offering side evaluation is greater than the current bid side evaluation of the Treasury Obligations, which is the basis on which Redemption Price per Unit is determined (see 'Liquidity--Trustee Redemption' herein). The aggregate value of the Treasury Obligations based on the bid side evaluation of the Treasury Obligations on the day prior to the Date of Deposit was \$117,459 (which is \$642 lower than the aggregate cost of the Treasury Obligations to the Trust based on the offering side evaluation). The profit to Sponsor on deposit totals \$171.



EQUITY SECURITIES TRUST

SERIES 4

EquiT's

for all series formed on or subsequent to the effective  
date specified below

---

TRUST INDENTURE AND AGREEMENT

Between

BEAR, STEARNS & CO. INC.  
As Depositor,

UNITED STATES TRUST COMPANY OF NEW YORK  
As Trustee

and

KENNY S&P EVALUATION SERVICES  
As Evaluator

---

Dated: January 21, 1994

TRUST INDENTURE AND AGREEMENT

EQUITY SECURITIES TRUST

SERIES 4

EquiT's  
and Subsequent Series

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EQUITY SECURITIES TRUST  
SERIES 4  
EquiT's  
AND  
SUBSEQUENT SERIES

TRUST INDENTURE AND AGREEMENT  
DATED JANUARY 21, 1994

This Trust Indenture and Agreement ("Indenture") dated January 21, 1994, among Bear, Stearns & Co. Inc., as Depositor, United States Trust Company of New York, as Trustee, and Kenny Information Systems Inc., a division of Kenny Information Systems, Inc., as Evaluator.

WITNESSETH THAT

In consideration of the premises and of the mutual agreements herein contained, the Depositor, the Trustee and the

Evaluator agree as follows:

## INTRODUCTION

The Depositor concurrently with the execution and delivery hereof is establishing Equity Securities Trust, Series 4, EquiT's (and subsequent series), wherein certain securities consisting of Fund Shares and Treasury Obligations, and contracts and funds for the purchase of such securities (collectively, the "Securities") will be deposited by the Depositor, to be held by the Trustee in trust for the use and benefit of the registered holders of certificates of ownership (the "Certificateholders") to be issued as hereinafter provided. The parties hereto are entering into this Indenture for the purpose of establishing certain of the terms, covenants and conditions of Equity Securities Trust, Series 4, EquiT's, and of each additional series of such Trust which may be established from time to time hereafter. For Equity Securities Trust, Series 4, EquiT's and each subsequent series of the Equity Securities Trust (sometimes referred to herein as the "Trust") (as to which this Indenture is to be applicable) the parties hereto shall execute a separate Reference Trust Agreement incorporating by reference this Indenture and effecting any amendment, supplement or variation from or to such incorporation by reference with respect to the related series and specifying for that series (i) the Securities deposited in trust and the number of Units delivered by the Trustee in exchange for the Securities pursuant to Section 2.3; (ii) the initial fractional undivided interest represented by each Unit; (iii) the first and subsequent Record Dates; (iv) the first and subsequent Distribution Dates; (v) the First Settlement Date; (vi) the liquidation amount for purposes of Section 6.1(g); (vii) the Trustee's fee; (viii) the Evaluator's fee; (ix) the Termination Date; and (x) any other change or addition contemplated or permitted by this Indenture.

## ARTICLE 1

### DEFINITIONS; CERTIFICATES

Section 1.1. Definitions: Whenever used in this Indenture the following words and phrases, unless the context clearly indicates otherwise, shall have the following meanings:

(1) "Addendum to the Reference Trust Agreement" shall mean the addendum which evidences the Additional Securities deposited into the Trust and the number of Additional Units created.

(2) "Additional Securities" shall mean such Securities as are listed in Supplementary Schedules to Addendums to the Reference Trust Agreement and which have been deposited to effect an increase over the number of Units initially specified in the Reference Trust Agreement.

(3) "Additional Units" shall mean such Units as are issued in respect of Additional Securities.

(4) "Business Day" shall mean any day other than a Saturday, Sunday, or other day on which the New York Stock Exchange is closed for trading, a legal holiday in the City of New York, or a day on which banking institutions are authorized by law to close.

(5) "Certificate" shall mean any one of the certificates substantially in the form hereinafter recited executed by the Trustee and on behalf of the Depositor evidencing ownership of an undivided fractional interest in the Trust.

(6) "Certificateholder" shall mean the registered holder of any Certificate as recorded on the books of the Trustee, his legal representatives and heirs and the successors of any corporation, partnership or legal entity which is a registered holder of any Certificate, and as such shall be deemed a beneficiary of the Trust created by the Indenture to the extent of his pro rata share thereof.

(7) "Contract Securities" shall mean Securities which are to be acquired by the Trust pursuant to contracts, including (i) Securities listed in Schedule A to the Reference Trust Agreement and (ii) Securities which the Depositor has contracted to purchase for the Trust pursuant to Sections 2.6 and 3.7.

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(8) "Depositor" shall mean Bear, Stearns & Co. Inc. or its successor or any successor Depositor appointed as herein provided.

(9) "Distribution Date" shall have the meaning assigned to it in Part II of the Reference Trust Agreement.

(10) "Evaluator" shall mean Kenny S&P Evaluation Services, a division of Kenny Information Systems, Inc., or any corporation into which such firm may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which such firm shall be a party, or any firm succeeding to all or substantially all of the business of such

firm; or any successor evaluator as hereinafter provided for.

(11) "Failed Security" shall have the meaning assigned to it in Section 3.7 hereof.

(12) "First Settlement Date" shall mean the date specified in Part II of the Reference Trust Agreement.

(13) "Fund" shall mean the mutual fund set forth in Part II of the Reference Trust Agreement.

(14) "Fund Shares" shall mean shares of the mutual fund set forth in Part II of the Reference Trust Agreement relating to such Trust or contracts and funds for the purchase thereof.

(15) "Indenture" shall mean this Trust Indenture and Agreement as originally executed or, if amended as herein provided, as so amended.

(16) "Plan Units" shall mean fractional Units offered by the Depositor pursuant to the reinvestment plans described in the final prospectus of the Trust filed within the appropriate registration forms under the Securities Act of 1933, and for which Plan Units the Trustee is acting as Trustee.

(17) "Record Date" shall have the meaning assigned to it in Part II of the Reference Trust Agreement.

(18) "Redemption Form" shall mean the form provided by the Trustee at the request of holders of Plan Units for the purposes of redeeming such Units, as such form may be reasonably acceptable to the Depositor and the Trustee from time to time.

(19) "Reference Trust Agreement" shall mean the indenture for the particular series of Equity Securities Trust into which the terms of this Indenture are incorporated.

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(20) "Securities" shall mean the Fund Shares and Treasury Obligations, including contracts and funds for the purchase of such securities as are (i) deposited in irrevocable trust and listed in the Schedule to the Reference Trust Agreement and on any supplemental schedule thereto, and (ii) received in exchange or substitution for any Securities pursuant to Section 3.7 hereof, as may from time to time be acquired and continue to be held as a part of the Trust to which such Reference Trust Agreement relates.

(21) "Substitute Security" shall mean a Security purchased by the Trustee pursuant to Section 3.7 hereof.

(22) "Termination Date" shall have the meaning assigned to it in Part II of the Reference Trust Agreement.

(23) "Trust" shall mean the Trust created by this Indenture, which shall consist of the Securities held pursuant and subject to this Indenture together with all dividends thereon, received but undistributed, any undistributed cash realized from the sale, redemption, liquidation thereof, such amounts as may be on deposit in the Reserve Accounts hereinafter established and all other property and rights to which Certificateholders may be entitled under the provisions of this Indenture.

(24) "Treasury Obligations" shall mean the debt obligations of the government of the United States or agencies thereof or obligations of an entity the payment of which is guaranteed by the full faith and credit of the United States which have been stripped of their unmatured interest coupons or such coupons or receipts or certificates evidencing such obligations or coupons or contracts and funds for the purchase thereof. The obligor or guarantor of each obligation is the United States government. Such obligations may include certificates that represent ownership of the payments that comprise a United States government bond.

(25) "Trustee" shall mean United States Trust Company of New York, or its successors or any successor Trustee appointed as herein provided.

(26) "12b-1 Fee Rebate Amounts" shall mean, where applicable, an amount of Rule 12b-1 fees received by the Trustee with respect to Fund Shares held by the Trust in excess of the Trustee Fee Reduction (as defined in Section 6.4 hereof), if any.

(27) "Unit" shall mean the fractional undivided interest in and ownership of the Trust initially specified in Part II of the Reference Trust Agreement, the denominator of which shall be decreased by the number of any such Units redeemed as provided in Section 5.2.

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(28) The words "herein," "hereby," "herewith," "hereof," "hereinafter," "hereunder," "hereinabove," "hereafter," "heretofore" and similar words or phrases of reference and association shall refer to this Indenture in its entirety.

(29) Words importing singular number shall include the plural number in each case and vice versa, and words importing person shall include corporations and associations, as well as natural persons.

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Section 1.2. Form of Certificate: The form of Certificate evidencing ownership or fractional undivided interests in each Trust shall be substantially as follows:

No. 1

CERTIFICATE OF OWNERSHIP

--evidencing--

A Fractional Undivided Interest

--in--

EQUITY SECURITIES TRUST  
SERIES \_\_\_\_\_  
EquiT's

\_\_\_\_\_  
UNITS

\_\_\_\_\_  
CUSIP

This is to certify that \_\_\_\_\_ is the owner and registered holder of this Certificate evidencing the ownership of \_\_\_\_\_ unit(s) of fractional undivided interest in Equity Securities Trust of the above Series (hereinafter called the "Trust") created under the laws of the State of New York by a Trust Indenture and Agreement as incorporated by a Reference Trust Agreement applicable to the above Series (hereinafter collectively called the "Indenture") among BEAR, STEARNS & CO. INC. (hereinafter called the "Depositor"), UNITED STATES TRUST COMPANY OF NEW YORK (hereinafter called the "Trustee") and KENNY S&P EVALUATION SERVICES (hereinafter called the "Evaluator"). This Certificate is issued under and is subject to the terms, provisions and conditions of the Indenture to which the holder of this Certificate by virtue of the acceptance hereof assents and is bound, a summary of which Indenture is contained in the Prospectus relating to the Trust. The Depositor hereby grants and conveys all of its right, title and interest in and to the Trust to the extent of the fractional undivided interest represented hereby to the registered holder of this Certificate



subject to and in pursuance of the Indenture. This Certificate is transferable and interchangeable by the registered holder in person or by his duly authorized attorney at the unit investment trust office of the Trustee upon surrender of this Certificate properly endorsed or accompanied by a written instrument of

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transfer in form satisfactory to the Trustee and payment of the fees and expenses applicable hereto set forth herein.

This Certificate shall not become valid or binding for any purpose until properly executed by the Trustee under the Indenture.

IN WITNESS WHEREOF, Bear, Stearns & Co. Inc., as Depositor, has caused this Certificate to be executed in facsimile by a duly authorized officer and United States Trust Company of New York, as Trustee, has caused this Certificate to be executed in its corporate name by an authorized officer.

Date: BEAR, STEARNS & CO. INC., Depositor

\_\_\_\_\_  
UNITED STATES TRUST COMPANY  
OF NEW YORK, Trustee

By: \_\_\_\_\_  
Authorized Officer

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#### ASSIGNMENT

For Value Received \_\_\_\_\_ hereby sells, assigns and transfers unto \_\_\_\_\_ the within Certificate and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the within Certificate on the books of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Note: The signature(s) to this assignment must correspond with the name(s) as written above upon the face of this Certificate in every particular, without alteration or enlargement or any change whatever.

[end of certificate]

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## ARTICLE 2

### DEPOSIT OF SECURITIES; DECLARATION OF TRUST; FORM AND ISSUANCE OF CERTIFICATES

Section 2.1. Deposit of Securities: The Depositor, concurrently with the execution and delivery of a Reference Trust Agreement, has deposited with the Trustee in trust the Securities listed in Schedule A to the Reference Trust Agreement in bearer form or registered in the name of the Trustee, or its nominee, or duly endorsed in blank or accompanied by all necessary instruments of assignment and transfer in proper form to be held, managed and applied by the Trustee as herein provided. In the event that the purchase of Securities represented by "when-issued" and/or "regular way" contracts shall not be consummated in accordance with said contracts, the Trustee shall credit to the Principal Account pursuant to Section 3.3 hereof the cash or cash equivalents (including such portion of any letter of credit applicable to such contracts) deposited by the Depositor, for the purpose of such purchase. Such monies, unless invested in Substitute Securities in accordance with Section 3.7 hereof, shall be distributed to Certificateholders pursuant to Section 3.5 hereof on the Distribution Date following the failure of consummation of such purchase or such earlier date as the Trustee shall determine. The Depositor shall deliver the Securities listed on said Schedule or Schedules to the Trustee which were not actually delivered concurrently with the execution and delivery of the Reference Trust Agreement within 90 days after said execution and delivery or, if Section 3.7 applies, within such shorter period as is specified in Section 3.7.

The Trustee is irrevocably authorized hereto to effect registration of transfer of the Securities in fully registered form in the name of the Trustee or its nominee.

Section 2.2. Declaration of Trust: The Trustee declares that it holds and will hold the Trust as Trustee in trust upon the terms herein set forth for the use and benefit of all present and future Certificateholders.

Section 2.3. Issue of Certificates: The Trustee hereby acknowledges receipt of the deposit referred to in Section 2.1, and simultaneously with the receipt of said deposit,

has executed Certificates substantially in the form above recited representing the ownership of the number of Units specified in Part II of the Reference Trust Agreement.

Section 2.4. Form of Certificates: Each Certificate referred to in Section 2.3 is, and each Certificate hereafter issued shall be, in substantially the form hereinabove recited, numbered serially for identification, in fully registered form, transferable only on the books of the Trustee as herein provided,

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executed manually by an authorized officer of the Trustee and in facsimile by an Associate or Managing Director of Bear, Stearns & Co. Inc., on behalf of the Depositor.

Section 2.5. Certain Contracts Satisfactory: The Depositor approves as satisfactory in form and substance the contracts to be assumed by the Trustee with regard to any Securities listed in Schedule A to the Reference Trust Agreement and authorizes the Trustee on behalf of the Trust to assume such contracts and otherwise to carry out the terms and provisions thereof or to take other appropriate action in order to complete the deposit of the Securities covered thereby into the Trust.

Section 2.6. Deposit of Additional Securities. From time to time and in the discretion of the Depositor, the Depositor may make deposits of Additional Securities duly endorsed in blank or accompanied by all necessary instruments of assignment and transfer in proper form (or contracts to purchase Additional Securities and cash or an irrevocable letter of credit in an amount necessary to consummate the purchase of any Additional Securities pursuant to such contracts ("Additional Contract Securities")) and Cash (as defined below), provided that each deposit of Additional Securities and Cash, if any, shall replicate, to the extent practicable, the proportional relationship between the maturity amount of the Treasury Obligations and the number of Fund Shares represented by each Unit of the Trust immediately prior to each such deposit and shall exactly replicate Cash; also provided that any additional Treasury Obligations are substantially identical to those then held in the Trust. For purposes of this paragraph, "Cash" means, as to the Principal Account, cash or other property (other than Securities) on hand in the Principal Account or receivable and to be credited to the Principal Account as of the date of the supplemental deposit (other than amounts to be distributed solely to persons other than persons receiving the distribution from the Principal Account as holders of Additional Units created by the deposit), and, as to the Income Account, cash or other property (other than Securities) received by the Trust as of the date of

the supplemental deposit or receivable by the Trust in respect of dividends or other distributions declared but not received as of the date of the supplemental deposit, reduced by the amount of any cash or other property received or receivable on any Security allocable to a distribution made or to be made in respect of the Record Date occurring prior to the supplemental deposit. Each deposit of Additional Securities shall be listed in a Supplementary Schedule to an Addendum to the Reference Trust Agreement stating the date of such deposit and the number of Additional Units being issued therefor. The Trustee shall acknowledge in such Addendum receipt of the deposit, and simultaneously with the receipt of said deposit, reflect the aggregate number of Additional Units specified in such Addendum by recording such Units on its books. Such Additional Securities

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shall be held, administered and applied by the Trustee in the same manner as herein provided for the Securities. The execution by the Depositor in connection with the deposit of Additional Securities of an Addendum to the Reference Trust Agreement shall constitute the approval by the Depositor as satisfactory in form and substance of the contracts to be entered into or assumed on such Addendum and authorization to the Trustee on behalf of the Trust to enter into or assume such contracts and otherwise to carry out the terms and provisions thereof or to take other appropriate action in order to complete the deposit of the Additional Securities covered thereby into the Trust.

### ARTICLE 3

#### ADMINISTRATION OF TRUST

Section 3.1. Initial Cost: The cost of the initial preparation, printing and execution of the Certificates and this Indenture, the initial fees of the Trustee and its counsel, and other reasonable expenses in connection therewith, shall be paid by the Depositor, provided, however, that the liability on the part of the Depositor for such initial costs, fees and expenses shall not include any fees, costs or other expenses incurred in connection herewith after the execution of this Indenture and the deposit referred to in Section 2.1.

Section 3.2. Income Account: The Trustee shall collect the dividends or other like cash distributions on the Securities in the Trust as such are paid, and any 12b-1 Fee Rebate Amounts, and credit such amounts, as collected, to a separate account to be known as the "Income Account."

Section 3.3. Principal Account: (a) The Securities

and all cash, including capital gains distributions paid on the Fund Shares, other than amounts credited to the Income Account, received by the Trustee in respect of the Securities shall be credited to a separate account to be known as the "Principal Account".

(b) Moneys and/or irrevocable letters of credit required to purchase Contract Securities or deposited to secure such purchases are hereby declared to be held specially by the Trustee for such purchases and shall not be deemed to be part of the Principal Account until (i) the Depositor fails to timely purchase Contract Securities and have not given the Failed Contract Notice (as defined in Section 3.7) at which time the moneys and/or letters of credit attributable to the Contract Securities not purchased by the Depositor shall be credited to the Principal Account; or (ii) the Depositor has given the Trustee the Failed Contract Notice at which time the moneys and/or letters of credit attributable to failed contracts

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referred to in such Notice shall be credited to the Principal Account; provided, however, that if the Depositor also notifies the Trustee in the Failed Contract Notice that it has purchased or entered into a contract to purchase Substitute Securities (as defined in Section 3.7), the Trustee shall not credit such moneys and/or letters of credit to the Principal Account unless the Securities shall also have failed or are not delivered by the Depositor within two business days after the settlement date of such Securities, in which event the Trustee shall forthwith credit such moneys and/or letters of credit to the Principal Account. To the extent of moneys, and/or moneys drawn under a letter of credit, deposited by the Depositor and then held by the Trustee, the Trustee shall credit to the Principal Account, and to the extent such moneys are insufficient the Depositor shall deposit in the Principal Account, the difference, if any, between the purchase price of the failed Contract Securities and the purchase price of the Securities, together with any sales charge and accrued dividends applicable to such difference and distribute such moneys to Certificateholders pursuant to Section 3.5.

Section 3.4. Reserve Account: From time to time the Trustee shall withdraw from the cash on deposit in the Income Account or the Principal Account such amounts as it, in its sole discretion, shall deem requisite to establish a reserve for any applicable taxes or other governmental charges that may be payable out of or by the Trust. Such amounts so withdrawn shall be credited to a separate account which shall be known as the "Reserve Account". The Trustee shall not be required to

distribute to the Certificateholders any of the amounts in the Reserve Account; provided, however, that if it shall, in its sole discretion, determine that such amounts are no longer necessary for payment of any applicable taxes or other governmental charges, then it shall promptly deposit such amounts in the appropriate account from which withdrawn or, if the Trust has been terminated or is in the process of termination, the Trustee shall distribute to each Certificateholder such holder's interest in the Reserve Account in accordance with Section 9.2.

Section 3.5. Payments and Distributions:

Distributions to each Certificateholder from the Income Account are computed as of the close of business on each Record Date for the following Distribution Date. Distributions from the Principal Account of the Trust (other than amounts representing failed contracts, as discussed in Section 3.3.(b)) will be computed as of each Record Date, and will be made to the Certificateholders of the Trust on or shortly after the next Distribution Date. Proceeds representing principal received from the disposition of any of the Securities between a Record Date and a Distribution Date which are not used for redemptions of Units will be held in the Principal Account and not distributed until the next succeeding Distribution Date. No

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distributions will be made to Certificate holders electing to participate in the Total Reinvestment Plan. Persons who purchase Units between a Record Date and a Distribution Date will receive their first distribution on the next succeeding Distribution Date after such purchase.

As of each Record Date the Trustee shall:

(a) deduct from the Income Account of the Trust, and, to the extent funds are not sufficient therein, from the Principal Account of the Trust, amounts necessary to pay the expenses of the Trust, including registration charges, Blue Sky fees, printing costs, attorneys' fees, auditing costs and other miscellaneous out-of-pocket expenses, as certified by the Depositor, incurred in keeping the registration of the Certificates and the Trust on a current basis pursuant to Section 9.4, provided, however, that no portion of such amount shall be deducted or paid unless the payment thereof from the Trust is at that time lawful;

(b) deduct from the Income Account or, to the extent funds are not available in such Account, from the Principal Account, and (i) pay to itself individually the amounts that it is at the time entitled to receive pursuant to Section 6.4 or

pursuant to this Section 3.5; and (ii) reserve for payment any expenses and disbursements not yet paid but attributable to the period prior to such Record Date and subsequent to the preceding Record Date or date of initial deposit, as applicable.

(c) deduct from the Income Account, or, to the extent funds are not available in such Account, from the Principal Account, and pay to the Evaluator the amount that it is at the time entitled to receive pursuant to Section 4.4; and

(d) deduct from the Income Account, or, to the extent funds are not available in such Account, from the Principal Account, and pay an amount equal to the unpaid fees and expenses, if any, of counsel pursuant to Section 3.9 as certified to it by the Depositor.

The Trustee also may withdraw from said accounts such amounts, if any, as it deems necessary to establish a reserve for any applicable taxes or other governmental charges that may be payable out of the Trust. Amounts so withdrawn shall not be considered a part of such Trust's assets until such time as the Trustee shall return all or any part of such amounts to the appropriate accounts. In addition, the Trustee may withdraw from the Income and Principal Accounts such amounts as may be necessary to cover redemptions of Units by the Trustee.

The Principal Account shall be reimbursed for any amounts permitted to be withdrawn from the Principal Account

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under this Indenture in order to satisfy obligations which, pursuant to the terms hereof, are first to be paid out of the Income Account to the extent funds are available therein, when sufficient funds are next available in the Income Account after giving effect to the payment from the Income Account of all amounts otherwise required to be deducted therefrom at that time. In the event the balance available in the Income and Principal Accounts shall be insufficient for payment of the expenses and fees payable on any Record Date, the Trustee shall have the power to sell Securities in the manner provided in Section 6.4 to fund such shortfall.

On each Distribution Date or within a reasonable period of time thereafter, the Trustee shall distribute by mail to each Certificateholder of record at the close of business on the preceding Record Date, at the post office address appearing on the registration books of the Trustee, such holder's pro rata share of the distributable cash balance in the Income Account, plus such holder's pro rata share of the distributable cash

balance of the Principal Account, as of the preceding Record Date, in each case after deduction of the amounts of expenses and fees chargeable to the appropriate Accounts on such Record Date. The Trustee shall not be required to make a distribution from the Principal Account unless the cash balance on deposit therein available for distribution shall be sufficient to distribute at least \$1.00 per Unit in the case of Units initially offered at approximately \$1,000, or a proportionately lower amount in the case of Units initially offered at less than \$1,000 (e.g., .001 per Unit in the case of Units initially offered at approximately \$1.00).

The amounts to be so distributed to each Certificateholder of the Trust of record as of each Record Date shall be that pro rata share of the cash balance as of such Record Date of the Income and Principal Accounts of the Trust, computed as set forth above, as shall be represented by the Units registered in the name of such Certificateholder on the registration or other record books of the Trustee.

In the computation of each such share, fractions of less than one cent shall be omitted. After any such distribution provided for above, any cash balance remaining in the Income Account or the Principal Account shall be held in the same manner as other amounts subsequently deposited in each of such Accounts, respectively.

For the purpose of distribution as herein provided, the holders of record on the registration books of the Trustee at the close of business on each Record Date shall be conclusively entitled to such distribution, and no liability shall attach to the Trustee by reason of payment to any such registered Certificateholder of record. Nothing herein shall be construed to

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prevent the payment of amounts from the Income Account and the Principal Account to individual Certificateholders by means of one check, draft or other proper instrument, provided that the appropriate statement of such distribution shall be furnished therein as provided in Section 3.6 hereof.

Section 3.6. Distribution Statements: With each distribution from the Income or Principal Accounts the Trustee shall set forth, either in the instrument by means of which payment of such distribution is made or in any accompanying statement the amount being distributed from each such account expressed as a dollar amount per Unit.

Within a reasonable period of time after the last



business day of each calendar year, the Trustee shall furnish to each person who at any time during such calendar year was a Certificateholder a statement setting forth, with respect to such calendar year:

(A) as to the Income Account:

(1) the amount of dividends received on the Securities,

(2) the amounts paid from the Income Account for redemptions pursuant to Section 5.2,

(3) the deductions for applicable taxes and fees and expenses of the Trustee, the Evaluator and counsel pursuant to Section 3.9, and the annual audit fees referred to in Section 6.2,

(4) the amount distributed from the Income Account, identifying separately amounts distributed as dividends and as other income,

(5) all 12b-1 Fee Rebate Amounts,

(6) any other amount credited to or deducted from the Income Account, and

(7) the balance remaining after such distributions and deductions, expressed both as a total dollar amount and as a dollar amount per Unit outstanding on the last business day of such calendar year;

(B) as to the Principal Account:

(1) The number of shares of each issue of Securities sold or liquidated, and the aggregate net proceeds received with respect to each issue, excluding any portion thereof credited to the Income Account,

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(2) the amounts paid for the purchase of Substitute Securities pursuant to Section 3.7, and from the Principal Account for redemption pursuant to Section 5.2,

(3) the amounts credited to or deducted from the Principal Account on account of distributions of capital gains, if any, on Fund Shares,

(4) the deductions for payment of applicable

taxes and fees and expenses of the Trustee, the Evaluator and counsel pursuant to Section 3.9, and the annual audit fees referred to in Section 6.2,

(5) the amounts paid from the Principal Account for redemption pursuant to Section 5.2,

(6) the amounts distributed from the Principal Account, and

(7) the balance remaining after such distributions and deductions, expressed both as a total dollar amount and as a dollar amount per Unit outstanding on the last business day of such calendar year; and

(C) the following information:

(1) a list of Securities held in the Trust as of the last business day of such calendar year,

(2) the number of Units outstanding on the last business day of such calendar year,

(3) the Unit Cash Value per Unit based on the last Trust Evaluation made during such calendar year, and

(4) the amounts actually distributed to Certificateholders during such calendar year from the Interest and Principal Accounts, separately stated, expressed both as total dollar amounts and as dollar amounts per Unit outstanding on the Record Dates for such distributions and the status of such distributions for Federal income tax purposes.

Section 3.7. Substitute Securities: In the event that any Contract Security is not delivered due to any occurrence, act or event beyond the control of the Depositor and of the Trustee (such a Contract Security being herein called a "Failed Security"), the Depositor may instruct the Trustee to purchase Substitute Securities which have been selected by the Depositor having a cost not in excess of the cost of the Failed Securities. To be eligible for inclusion in the Trust, the Substitute Securities which the Depositor selects must: (a) be of the same

type as that replaced (e.g., Treasury Obligations will be substantially identical to every Treasury Obligation then held in the Trust); (b) in the Depositor's judgment, be substantially similar to the Failed Security, as the case may be, as respects

the investment characteristics which led the Depositor to select the Failed Security for inclusion in the Trust; and (c) be purchased prior to, simultaneously with, or no more than twenty days after delivery of written notice to the Trustee of the failed contract (the "Failed Contract Notice").

Any Substitute Securities received by the Trustee shall be deposited hereunder and shall be subject to the terms and conditions of this Indenture to the same extent as other Securities deposited hereunder. No such deposit of Substitute Securities shall be made after the earlier of (i) 90 days after the date of execution and delivery of the applicable Reference Trust Agreement or (ii) the first Distribution Date to occur after the date of execution and delivery of the applicable Reference Trust Agreement.

Whenever a Substitute Security is acquired by the Depositor pursuant to the provisions of this Section 3.7, the Trustee shall, within five days thereafter, mail to all Certificateholders notices of such acquisition, including an identification of the Failed Security or the Section 3.8 Security, as the case may be, and the Substitute Security acquired. The purchase price of a Substitute Security shall be paid out of the funds in the Principal Account attributable to the Failed Security which it replaces. The Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of any purchase made pursuant to any such instructions from the Depositor and in the absence of such instructions the Trustee shall have no duty to purchase any Substitute Securities under this Indenture. The Depositor shall not be liable for any failure to instruct the Trustee to purchase any Substitute Security or for errors of judgment in selecting any Substitute Security.

Section 3.8. Sale of Securities: In order to maintain the sound investment character of the Trust, the Depositor may direct the Trustee to sell or liquidate Securities at such price and time and in such manner as shall be determined by the Depositor, provided that the Depositor has determined that any one or more of the following conditions exist:

(i) default in payment of amounts due on any of the Securities, including, but not limited to, declared dividends or redemptions of Fund Shares;

(ii) institution of certain legal proceedings;

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(iii) default under certain documents materially and

adversely affecting future declaration or payment of amounts due or expected;

(iv) decline in price that is a direct result of serious adverse credit factors affecting the issuer of a Security which, in the opinion of the Depositor, would make the retention of the security detrimental to the Trust or the Certificateholders.

Upon receipt of such direction from the Depositor, upon which the Trustee shall rely, the Trustee shall proceed to sell the specified Security in accordance with such direction. The Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of any sale made pursuant to any such direction or by reason of the failure of the Depositor to give any such direction, and in the absence of such direction the Trustee shall have no duty to sell any Securities under this Section 3.8.

Section 3.9. Counsel: The Depositor may employ from time to time as it may deem necessary a firm of attorneys for any legal services that may be required in connection with the disposition of Securities pursuant to Section 3.7. The fees and expenses of such counsel shall be paid by the Trustee from the Interest and Principal Accounts as provided for in Section 3.5(d) hereof.

Section 3.10. Notice and Sale by Trustee: If at any time there has been a failure by the issuer to pay a dividend that is declared and payable on the Fund Shares, the Trustee shall notify the Depositor thereof. If within thirty days after such notification the Trustee has not received any instruction from the Depositor to sell or to hold or to take any other action in connection with such Fund Shares, the Trustee shall sell such Fund Shares forthwith, and the Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of such sale or by reason of any action or inaction in accordance with such written instructions of the Depositor. The Trustee shall promptly notify the Depositor of such action in writing and shall set forth therein the Securities sold and the proceeds received therefrom.

Section 3.11. Refunding Securities: In the event that an offer by the issuer of any of the Securities or any other party shall be made to issue new Securities, the Trustee shall reject such offer. However, should any exchange or substitution be effected notwithstanding such rejection or without an initial offer, any Securities, cash and/or property received in exchange shall be deposited hereunder and shall be promptly sold, if securities or property, by the Trustee. The cash then remaining shall be distributed to Certificateholders on the next

Distribution Date in the manner set forth in Section 3.5 regarding distributions from the Principal Account. This section shall apply, but its application shall not be limited, to public tender offers, mergers, acquisitions, reorganizations and recapitalizations.

Section 3.12. Notice of Actions: In the event that the Trustee shall have been notified at any time of any action to be taken or proposed to be taken by holders of any Securities held by the Trust (including, but not limited to, the making of any demand, direction, request, giving of any notice, consent or waiver or the voting with respect to election of directors or any amendment or supplement to any corporate resolution, agreement or other instrument under or pursuant to which such Securities have been issued) the Trustee shall promptly notify the Depositor and shall thereupon take such action or refrain from taking any action as the Depositor shall in writing direct; provided, however, that the Trustee shall vote the Fund Shares as closely as possible, in the same manner and the same general proportion, as the shares of such Fund held by owners other than the Trust are voted; and provided, further however, that if the Depositor shall not within five business days of the giving of such notice to the Depositor direct the Trustee to take or refrain from taking any action, the Trustee shall take such action as it, in its sole discretion, shall deem advisable. Neither the Depositor nor the Trustee shall be liable to any person for any action or failure to take action with respect to this section.

Section 3.13. Notice of Change in Principal Account: The Trustee shall give prompt written notice to the Depositor of all amounts credited to or withdrawn from the Principal Account pursuant to any provisions of this Article III, and the balance of such account after giving effect to such credit or withdrawal.

Section 3.14. Extraordinary Distributions: Any property received by the Trustee after the initial date of Deposit in a form other than cash or additional shares of the Securities listed on Schedule A or of a Substitute Security, shall be sold and the proceeds of sale credited to the Principal Account of the Trust, as the Depositor may direct. In no event shall the Trustee hold as part of the Trust, except temporarily pending sale or distribution as described in the preceding sentence, any property other than cash (including a letter of credit) and the Securities described on Schedule A or a Substitute Security.

The Securities and cash represented by a Unit shall be

uniform so that each Unit shall at all times represent property identical to that represented by every other Unit. Securities identical to those represented by a Unit and received as the result of a nontaxable Fund Share dividend may be retained in the Trust and the number of shares of such a Security represented by

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a Unit adjusted accordingly. All other non-cash distributions in respect of any Securities held in the Trust shall be sold.

#### ARTICLE 4

##### EVALUATION OF SECURITIES

Section 4.1. Evaluation of Evaluator. (a) The Evaluator shall determined separately, and shall promptly furnish to the Trustee and the Depositor upon request, the value of each issue of Securities (including Contract Securities) ("Evaluation") as of the Evaluation Time (as defined in Section 5.1) (i) on each Business Day during the period in which the Units are being offered for sale to the public and (ii) on any other day on which a Trust Evaluation is to be made pursuant to Section 5.1 or which is requested by the Depositor or the Trustee. As part of the Trust Evaluation, the Evaluator shall determine separately and promptly furnish to the Trustee and the Depositor upon request the Evaluation of each issue of Securities initially deposited in the Trust on the initial date of deposit. The Evaluator's determination of the offering prices of the Securities on the initial date of deposit shall be included in the Schedules attached to the Reference Trust Agreement.

(b) During the initial offering period, namely, from the date of effectiveness of the Registration Statement under the Securities Act of 1933 relating to the Units, to and including the day which is designated in writing by the Depositor to the Trustee and Evaluator as the conclusion of such period, such Evaluation shall generally be based on the following methods or any combination thereof whichever the Evaluator deems appropriate: (a) on the basis of current offering prices for the Treasury Obligations as obtained from investment dealers or brokers who customarily deal in securities comparable to those held by the Trust and, with respect to any Fund Shares deposited in a Trust, the net asset value of such shares, (b) if offering prices are not available for the Treasury Obligations, on the basis of offering price for comparable securities, (c) by determining the valuation of the Treasury Obligations on the offering side of the market by appraisal, or (d) by any combination of the above.

(c) After the initial offering period and both during and after the initial offering period for purposes of the Trust Evaluations required by Section 5.1, Evaluation of the Securities shall be made in the manner described in 4.01(b), on the basis of current bid prices for the Treasury Obligations and the net asset value of the Fund Shares.

Section 4.2. Tax Reports: For the purpose of permitting Certificateholders to satisfy any reporting

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requirements of applicable Federal or State tax law, the Evaluator shall make available to the Trustee and the Trustee shall transmit to any Certificateholder upon written request any determinations made by the Evaluator pursuant to Section 4.1.

Section 4.3. Liability of Evaluator with respect to Evaluations: The Trustee, the Depositor and the Certificateholders may rely on any evaluation furnished by the Evaluator and shall have no responsibility for the accuracy thereof. The determinations made by the Evaluator hereunder shall be made in good faith upon the basis of, and shall have no liability for errors in, the information reasonably available to it. The Evaluator shall be under no liability to the Trustee, the Depositor or the Certificateholders for errors in judgment or any action taken in good faith, provided, however, that this provision shall not protect the Evaluator against any liability to which it would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties hereunder.

Section 4.4. Evaluator's Compensation: As compensation for its services hereunder, the Evaluator, with respect to each series of the Trust, shall receive against a statement therefor submitted to the Trustee annually on or before each Distribution Date from the Income Account to the extent funds are available and thereafter from the Principal Account the amounts set forth in part II of the Reference Trust Agreement for such series, provided, however, that if at any time the fee of the Trustee shall have been increased pursuant to Section 6.4, the compensation of the Evaluator hereunder shall at the same time be ratably increased.

Section 4.5. Successor Evaluator: (a) The Evaluator may resign and be discharged hereunder, by executing an instrument in writing resigning as Evaluator and filing the same with the Depositor and the Trustee, not less than 60 days before the date specified in such instrument when, subject to Section

4.5(e), such resignation is to take effect. Upon receiving such notice of resignation, the Depositor and the Trustee shall use their best efforts to appoint a successor evaluator having qualifications and at a rate of compensation satisfactory to the Depositor and the Trustee. Such appointment shall be made by written instrument executed by the Depositor and the Trustee, in duplicate, one copy of which shall be delivered to the resigning Evaluator and one copy to the successor evaluator. The Depositor may remove the Evaluator at any time upon 30 days' written notice and appoint a successor evaluator having qualifications and at a rate of compensation satisfactory to the Depositor and the Trustee. Such appointment shall be made by written instrument executed by the Depositor, in duplicate, one copy of which shall be delivered by the Evaluator so removed and one copy to the

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successor evaluator. Notice of such resignation or removal and appointment of a successor evaluator shall be mailed by the Trustee to each Certificateholder.

(b) Any successor evaluator appointed hereunder shall execute, acknowledge and deliver to the Depositor and the Trustee an instrument accepting such appointment hereunder, and such successor evaluator without any further act, deed or conveyance shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder with like effect as if originally named Evaluator herein and shall be bound by all the terms and conditions of this Indenture.

(c) In case at any time the Evaluator shall resign and no successor evaluator shall have been appointed and have accepted appointment within 30 days after notice of resignation has been received by the Depositor and the Trustee, the Evaluator may forthwith apply to a court of competent jurisdiction for the appointment of a successor evaluator. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor evaluator.

(d) Any corporation into which the Evaluator hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Evaluator hereunder shall be a party, or any corporation succeeding to all or substantially all of the business of the Evaluator hereunder, shall be the successor evaluator under this Indenture without the execution or filing of any paper, instrument or further act to be done on the part of the parties hereto, anything herein, or in any agreement relating to such merger or consolidation, by which the Evaluator may seek to retain certain powers, rights and privileges theretofore



obtaining for any period of time following such merger or consolidation, to the contrary notwithstanding.

(e) Any resignation or removal of the Evaluator and appointment of a successor evaluator pursuant to this Section shall become effective upon acceptance of appointment by the successor evaluator as provided in subsection (b) hereof.

## ARTICLE 5

### TRUST EVALUATION, REDEMPTION, PURCHASE, TRANSFER, INTERCHANGE OR REPLACEMENT OF CERTIFICATES

Section 5.1. Trust Evaluation: The Trustee shall make an evaluation of the Trust as of the close of trading on the New York Stock Exchange (4:00 p.m. Eastern Time) (sometimes referred to herein as the "Evaluation Time") (i) on the last Business Day of each of the months of June and December, (ii) on the day on

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which any unit of the Trust is tendered for redemption (unless tender is made after the Evaluation Time on such day, in which case Tender shall be deemed to have been made on the next day subsequent thereto on which the New York Stock Exchange is open for trading), and (iii) on any other day desired by the Trustee or requested by the Depositor. Such evaluations shall take into account and itemize separately (a) (1) the cash on hand in the Trust (other than monies on deposit in the Reserve Account, funds deposited on the date hereof by the Depositor for the purchase of Securities and not theretofore credited to the Principal Account pursuant to Section 3.3 and funds in the Principal Account with respect to which contracts for the purchase of the Substitute Securities have been entered into pursuant to Section 3.7 hereof), including dividends receivable on Fund Shares trading ex dividend, (a) (2) the value of each issue of the Securities in the Trust as determined by the Trustee pursuant to Section 4.1, and (a) (3) all other assets of the Trust. For purposes of such calculation, 12b-1 Fee Rebate Amounts shall be deemed an asset of the Trust only upon receipt thereof by the Trust. In calculating the amount of accrued fees and expenses of the Trust, the Trustee is authorized to estimate the amount of the Trustee Fee Reduction (as provided for in Section 6.4) and such estimate shall be conclusive on all persons interested in the Trust. For each such evaluation there shall be deducted from the sum of the above (b) (1) amounts representing any applicable taxes or other governmental charges payable out of the Trust and for which no deductions shall have previously been made for the purpose of addition to the Reserve Account, (b) (2) amounts representing accrued fees of the Trustee and expenses of the Trust including

but not limited to unpaid fees of the Trustee and expenses of the Trust including but not limited to unpaid fees of the Trustee and expenses of the Trust (including legal and auditing expenses), accrued fees and expenses of the Evaluator and the Depositor and their respective successors, if any, and (b) (3) cash held for distribution to Certificateholders of record as of a date on or prior to the evaluation then being made. The value of the pro rata share of each Unit of the Trust determined on the basis of any such evaluation shall be referred to herein as the "Unit Value."

The sum of (a) (1) and (a) (3) reduced by the sum of (b) (1) and (b) (2) and (b) (3) shall be referred to herein as the "Unit Cash Value".

The Trustee shall promptly advise the Depositor of each determination of Unit Value made by it as above provided, and, in addition, upon each valuation by the Evaluator under Section 4.1 other than those involved in such calculations of Unit Value, the Trustee shall promptly furnish to Depositor, for purposes of assisting it in maintaining a market in the Units, with such information regarding the Principal, Income and Reserve Accounts as the Depositor may reasonably request.

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Section 5.2. Redemptions by Trustee; Purchases by Depositor: Any Certificate tendered for redemption by a Certificateholder or his duly authorized attorney to the Trustee at its unit investment trust office, or any Plan Unit tendered to the Trustee for redemption by the registered holder thereof pursuant to the Redemption Form, shall be redeemed by the Trustee on the seventh calendar day following the day on which tender for redemption is made, provided that if such day of redemption is not a business day, then such Certificate or Plan Unit shall be redeemed on the first business day prior thereto (such seventh calendar day or first business day prior thereto being herein called the "Redemption Date"). Subject to payment by such Certificateholder of any tax or other governmental charges which may be imposed thereon, such redemption is to be made by payment on the Redemption Date of cash equivalent to the Unit Cash Value per Unit or Plan Unit determined by the Trustee as of the Evaluation Time on the date of tender, multiplied by the number of Units represented by such Certificate or Redemption Form (herein called the "Redemption Price"). Certificates or Redemption Forms received for redemption by the Trustee on any day after the Evaluation Time will be held by the Trustee until the next day on which the New York Stock Exchange is open for trading and will be deemed to have been tendered on such day for redemption at the Redemption Price computed on that day.

The Trustee may in its discretion, and shall when so directed by the Depositor in writing, suspend the right of redemption or postpone the date of payment of the Redemption Price for more than seven calendar days following the day on which tender for redemption is made:

(1) for any period during which the New York Stock Exchange is closed other than customary weekend and holiday closings or during which trading on the New York Stock Exchange is restricted;

(2) for any period during which an emergency exists as a result of which disposal by the Trust of the Securities is not reasonably practicable or it is not reasonably practicable fairly to determine in accordance herewith the value of the Securities; or

(3) for such other periods as the Securities and Exchange Commission may by order permit,

and the Trustee shall not be liable to any person or in any way for any loss or damage which may result from any such suspension or postponement.

Not later than the close of business on the day of tender of a Certificate or Redemption Form for redemption by a Certificateholder other than the Depositor, the Trustee shall

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notify the Depositor of such tender. The Depositor shall have the right to purchase such Certificate or Plan Unit tendered by such Redemption Form by notifying the Trustee of its election to make such purchase as soon as practicable thereafter, but in no event subsequent to the close of business on the second business day after the day on which such Certificate or Redemption Form was tendered for redemption. Such purchase shall be made by payment for such Certificate or Plan Unit by the Depositor to the Certificateholder or Plan Unit holder not later than the close of business on the Redemption Date of an amount equal to the Redemption Price which would otherwise be payable by the Trustee to such Certificateholder or Plan Unit holder.

Any Certificate or Plan Unit so purchased by the Depositor may, at the option of the Depositor, be tendered to the Trustee for redemption at the corporate trust office of the Trustee in the manner provided in the first paragraph of this Section 5.2.

If the Depositor does not elect to purchase any Certificate or Plan Unit tendered to the Trustee for redemption, or if a Certificate or Plan Unit is being tendered by the Depositor for redemption, that portion of the Redemption Price which represents dividends shall be withdrawn from the Income Account to the extent funds are available. The balance paid on any redemption, including accrued dividends, if any, shall be withdrawn from the Principal Account to the extent that funds are available for such purpose. If such available balance shall be insufficient, the Trustee shall sell Securities in the manner provided below. In the event that funds are withdrawn from the Principal Account or Securities are sold for payment of any portion of the Redemption Price representing accrued dividends, the Principal Account shall be reimbursed when sufficient funds are next available in the Income Account for such funds so applied.

The Depositor shall designate Securities to be sold for the purpose of redemption of Certificates or Plan Units tendered for redemption and not purchased for the Depositor, and for payment of expenses hereunder, provided that if the Depositor shall fail so to designate, the Trustee shall sell Fund Shares and Treasury Obligations in such amounts as will result in the remaining Fund Shares and Treasury Obligations held in the Trust approximating, as closely as possible, the proportionate ratio of such Fund Shares and Treasury Obligations on the initial date of deposit referred to in Section 2.1, provided, however, that Treasury Obligations shall not be sold to the extent that the maturity value, per Unit, of the Treasury Obligations remaining after such sale would be less than the maturity value, per Unit, of the Treasury Obligations on the initial date of deposit. The net proceeds of any sales of Securities from such list representing principal shall be credited to the Principal Account

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and the proceeds of such sales representing accrued interest shall be credited to the Income Account.

Neither the Trustee nor the Depositor shall be liable or responsible in any way for depreciation or loss incurred by reason of any sale of Securities made pursuant to this Section 5.2.

Certificates evidencing Units redeemed pursuant to this Section 5.2 shall be canceled by the Trustee and the Units evidenced by such Certificates or Plan Units tendered by Redemption Forms shall be terminated by such redemptions. In the event that a Certificate shall be tendered representing a number of Units greater than those requested to be redeemed by the

Certificateholder, the Trustee shall issue to each Certificateholder, upon payment of any tax or charges of the character referred to in the second paragraph to Section 5.3, a new Certificate evidencing the Units representing the balance of the Certificate so tendered.

Notwithstanding the foregoing provisions of this Section 5.2, the Trustee is hereby irrevocably authorized in its discretion, in the event that the Depositor do not elect to purchase any Certificate or Plan Unit tendered to the Trustee for redemption, or in the event that a Certificate or Plan Unit is being tendered by the Depositor for redemption, in lieu of redeeming Units or Plan Units tendered for redemption, to sell such Units or Plan Units in the over-the-counter market or by private sale for the account of tendering Unit or Plan Unit holders at prices which will return to the Unit or Plan Unit holders amounts in cash, net after deducting brokerage commissions, transfer taxes and other charges, equal to or in excess of the Redemption Prices which such Unit or Plan Unit holders would otherwise be entitled to receive on redemption pursuant to this Section 5.2. The Trustee shall pay to the Unit or Plan Unit holders the net proceeds of any such sale on the day they would otherwise be entitled to receive payment of the Redemption Price hereunder.

Section 5.3. Transfer or Interchange of Certificates: A Certificate may be transferred by the registered holder thereof by presentation and surrender of such Certificate at the unit investment trust office of the Trustee properly endorsed or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and executed by the Certificateholder or his authorized attorney, whereupon a new registered Certificate or Certificates for the same number of Units executed by the Trustee and the Depositor will be issued in exchange and substitution therefor. Certificates issued pursuant to this Indenture are interchangeable for one or more other Certificates in an equal aggregate number of Units and all Certificates issued shall be issued in denominations of one Unit or any multiple

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thereof as may be requested by the Certificateholder. The Trustee may deem and treat the person in whose name any Certificate shall be registered upon the books of the Trustee as the owner of such Certificate for all purposes hereunder and the Trustee shall not be affected by any notice to the contrary, nor be liable to any person or in any way for so deeming or treating the person in whose name any Certificate shall be so registered.

A sum sufficient to pay any tax or other governmental

charge that may be imposed in connection with any such transfer or interchange shall be paid by the Certificateholder to the Trustee. The Trustee may require a Certificateholder to pay \$2.00 for each new Certificate issued on any such transfer or interchange.

All Certificates canceled pursuant to this Indenture shall be disposed of by the Trustee without liability on its part.

Section 5.4. Certificates Mutilated, Destroyed, Stolen or Lost: In case any Certificate shall become mutilated or be destroyed, stolen or lost, the Trustee shall execute and deliver a new Certificate in exchange and substitution therefor upon the holder's furnishing the Trustee with proper identification and indemnity satisfactory to the Trustee, and complying with such other reasonable regulations and conditions as the Trustee may prescribe and paying such expenses as the Trustee may incur. Any mutilated Certificate shall be duly surrendered and canceled before any new Certificate shall be issued in exchange and substitution therefor. Upon the issuance of any new Certificate a sum sufficient to pay any tax or other governmental charge and the fees and expenses of the Trustee may be imposed. Any such new Certificate issued pursuant to this Section shall constitute complete and indefeasible evidence of ownership in the Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

In the event the Trust has terminated or is in the process of termination, the Trustee may, instead of issuing a new Certificate in exchange and substitution for any Certificate which shall have become mutilated or shall have been destroyed, stolen or lost, make the distributions in respect of such mutilated, destroyed, stolen or lost Certificate (without surrender thereof except in the case of a mutilated Certificate) as provided in Section 9.2 hereof if the Trustee is furnished with such security or indemnity as it may require to save it harmless, and in the cause of destruction, loss or theft of a Certificate, evidence to the satisfaction of the Trustee of the destruction, loss or theft of such Certificate and of the ownership thereof.

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## ARTICLE 6

### TRUSTEE; REMOVAL OF DEPOSITOR

Section 6.1. General Definition of Trustee's Liabilities, Rights and Duties; Removal of Depositor: In

addition to and notwithstanding the other duties, rights, privileges and liabilities of the Trustee otherwise set forth herein, the liabilities of the Trustee are further defined as follows:

(a) All moneys deposited with or received by the Trustee hereunder shall be held by the Trustee without interest in trust as part of the Trust or the Reserve Account until required to be disbursed in accordance with the provisions of this Indenture and such moneys will be segregated by separate recordation on the trust ledgers of the Trustee so long as such practice preserves a valid preference under applicable law, or if such preference is not so preserved the Trustee shall handle such moneys in such other manner as shall constitute the segregation and holding thereof in trust within the meaning of the Investment Company Act of 1940.

(b) The Trustee shall be under no liability for any action taken in good faith on any appraisal, paper, order, list, demand, request, consent, affidavit, notice, opinion, direction, evaluation, endorsement, assignment, resolution, draft or other document, whether or not of the same kind, prima facie properly executed, or for the disposition of moneys, Securities or Certificates pursuant to this Indenture, or in respect of any evaluation which the Trustee is required to make or is required or permitted to have made by others under this Indenture or otherwise except by reason of its gross negligence, lack of good faith or willful misconduct. The Trust shall pay and hold the Trustee harmless from and against any loss, liability or expense incurred in acting as Trustee of the Trust other than by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties hereunder, including the costs and expenses of the defense against any claim or liability in the premises; provided, however, that the Trustee shall not in any event be liable or responsible for any evaluation made by the Evaluator. The Trustee may construe any of the provisions of this Indenture, insofar as the same may appear to be ambiguous or inconsistent with any other provisions hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the parties hereto. The Trustee shall in no event be deemed to have assumed or incurred any liability, duty or obligation to any Certificateholder or the Depositor, other than as expressly provided for herein.

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(c) The Trustee shall not be responsible for or in respect of the recitals herein, the validity or sufficiency of this Indenture or for the due execution hereof by the Depositor,

or for the form, character, genuineness, sufficiency, value or validity of any Securities (except that the Trustee shall be responsible for the exercise of due care in determining the genuineness of Securities delivered to it pursuant to contracts for the purchase of such Securities) or for or in respect of the validity or sufficiency of the Certificates or of the due execution thereof by the Depositor, and the Trustee shall in no event assume or incur any liability, duty or obligation to any Certificateholder or the Depositor other than as expressly provided for herein. The Trustee shall not be responsible for or in respect of the validity of any signature by or on behalf of the Depositor.

(d) The Trustee shall not be under any obligation to appear in, prosecute or defend any action, which in its opinion may involve it in expense or liability, unless as often as required, it shall be furnished with reasonable security and indemnity against such expense or liability as it may require, and any pecuniary cost of the Trustee from such actions shall be deductible from and a charge against the Income and Principal Accounts. The Trustee shall in its discretion undertake such action as it may deem necessary at any and all times to protect the Trust and the rights and interests of the Certificateholders pursuant to the terms of this Indenture, provided, however, that the expenses and costs of such actions, undertakings or proceedings shall be reimbursable to the Trustee from the Income and Principal Accounts, and the payment of such costs and expenses shall be secured by a lien on the Trust prior to the interests of the Certificateholders.

(e) The Trustee may employ agents, attorneys, accountants and auditors and shall not be answerable for the default or misconduct of any such agents, attorneys, accountants or auditors if such agents, attorneys, accountants or auditors shall have been selected with reasonable care; provided, however, that if the Trustee chooses to employ the Depository Trust Company in connection with the storage and handling of, and the furnishing of administrative services in connection with the Securities, the Trustee will be answerable for any default or misconduct of the Depository Trust Company and its employees and agents as fully and to the same extent as if such default or misconduct had been committed or occasioned by the Trustee. The Trustee shall be fully protected in respect of any action under this Agreement taken, or suffered, in good faith by the Trustee, in accordance with the opinion of its counsel, which may be counsel to the Depositor acceptable to the Trustee. The account of the Trust shall be audited not less frequently than annually by independent certified public accountants designated from time to time by the Depositor, and the reports of such accountants



shall be furnished by the Trustee to Certificateholders upon request. The fees and expenses charged by such agents, attorneys, accountants or auditors shall constitute an expense of the Trustee reimbursable from the Income and Principal Accounts as set forth in Sections 3.5 and 6.4 hereof.

(f) Other than as provided in Article 7 hereunder, if at any time the Depositor shall resign or fail to undertake or perform or become incapable of undertaking or performing any of the duties which by the terms of this Indenture are required by them to be undertaken or performed and no express provision is made for action to be taken by the Trustee in such event, or the Depositor shall be adjudged bankrupt or insolvent, or a receiver of such Depositor or of its property shall be appointed, or any public officer shall take charge or control of such Depositor or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then in any such case, the Trustee may do any one or more of the following: (1) appoint a successor Depositor (which may be the Trustee) who shall act hereunder in all respects in place of the Depositor, who shall be compensated pursuant to Section 3.5, at rates deemed by the Trustee to be reasonable under the circumstances, by deduction from the Income Account or from the Principal Account, but no such deduction shall be made exceeding such reasonable amount as the Securities and Exchange Commission may prescribe in accordance with Section 26(a)(2)(C) of the Investment Company Act of 1940; or (2) terminate this Indenture and the Trust created hereby and liquidate the Trust, all in the manner provided in Section 9.2.

(g) If the value of the Trust as shown by any evaluation by the Trustee pursuant to Section 5.1 hereof shall be less than the liquidation amount specified in Part II of the Reference Trust Agreement, the Trustee may in its discretion, and shall, when so directed by the Depositor, terminate this Indenture and the Trust created hereby and liquidate the Trust, all in the manner provided in Section 9.2.

(h) In no event shall the Trustee be liable for any taxes or other governmental charges imposed upon or in respect of the Securities or upon the dividends thereon or upon it as Trustee hereunder or upon or in respect of the Trust which it may be required to pay under any present or future law of the United States of America or any other taxing authority having jurisdiction in the premises. For all such taxes and charges and for any expenses, including counsel fees, which the Trustee may sustain or incur with respect to such taxes or charges, the Trustee shall be reimbursed and indemnified out of the Income and Principal Accounts of the Trust, and the payment of such amounts so paid by the Trustee shall be secured by a lien on the Trust prior to the interests of the Certificateholders.

(i) The Trustee, except by reason of its gross negligence, lack of good faith, reckless disregard of its obligations hereunder or willful misconduct, shall not be liable for any action taken or suffered to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(j) Notwithstanding anything in this Indenture to the contrary, the Trustee is authorized and empowered to enter into any safekeeping arrangement or arrangements it deems necessary or appropriate for holding the Securities then owned by the Trust and the Trustee is authorized and empowered in its sole right to amend, supplement or terminate any safekeeping arrangement or arrangements made under this provision. In addition, the Trustee is authorized and empowered, at the request and discretion of the Depositor, to execute and file on behalf of the Trust any and all documents, in connection with consents to service of process, required to be filed under the securities laws of the various States in order to permit the sale of Units of the Trust in such States by the Depositor.

Section 6.2. Books, Records and Reports: The Trustee shall keep proper books of record and account of all the transactions under this Indenture at its unit investment trust office including a record of the name and address of, and the Certificates issued by the Trust and held by, every Certificateholder, and such books and records shall be open to inspection by any Certificateholder at all reasonable times during the usual business hours, and such books and records shall be made available to the Depositor upon the request of the Depositor including, but not limited to, a record of the name and address of, and the Certificates issued by the Trust and held by, every Certificateholder.

The Trustee shall cause audited statements as to the assets and income of the Trust to be prepared on an annual basis by independent public accountants selected by the Depositor, provided, however, that if the Depositor is then making a market for units of the Trust, the Depositor shall bear the cost of such audit to the extent that it exceeds \$.50/unit of approximately \$1000 initial value (or such proportionate amount in the case of units of greater or lesser initial value). Such audited statement will be made available to Certificateholders upon request.

To the extent permitted under the Investment Company Act of 1940 as evidenced by an opinion of counsel to the

Depositor, reasonably acceptable to the Trustee, the Trustee shall pay, or reimburse to the Depositor or others, the costs of the preparation of documents and information with respect to the Trust required by law or regulation in connection with the maintenance of a secondary market in units of the Trust. Such

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costs may include but are not limited to accounting and legal fees, blue sky registration and filing fees, printing expenses and other reasonable expenses related to documents required under Federal and state securities laws.

The Trustee shall make such annual or other reports as may from time to time be required under any applicable state or federal statute or rule or regulation thereunder.

Section 6.3. Indenture and List of Securities on File: The Trustee shall keep a certified copy or duplicate original of this Indenture on file at its unit investment trust office available for inspection at all reasonable times during the usual business hours by any Certificateholder and the Trustee shall keep and so make available for inspection a current list of the Securities.

Section 6.4. Compensation: For services performed under this Indenture the Trustee shall be paid at the rate per annum set forth in Part II of the Reference Trust Agreement which shall be computed on the basis of the greatest number of units of the Trust outstanding at any time during the period with respect to which such compensation is being computed. The Trustee may from time to time adjust its compensation as set forth above provided that the total adjustment upward does not, at the time of such adjustment, exceed the percentage of the total increase, after the date hereof, in consumer prices for services as measured by the United States Department of Labor Consumer Price Index entitled "All Services Less Rent," or, if such index shall cease to be published, then as measured by the available index most nearly comparable to such index. The consent or concurrence of any Certificateholder hereunder shall not be required for any such adjustment or increase, however, the consent of the Depositor shall be required. Such compensation shall be charged by the Trustee against the Income and Principal Accounts as provided in Section in 3.5; provided, however, that such compensation shall be deemed to provide only for the usual normal and recurring functions undertaken as Trustee pursuant to this Indenture. The Trustee agrees to reduce its compensation under this Indenture by any Rule 12b-1 fee amounts it receives for performing servicing functions with respect to the Fund Shares ("Trustee Fee Reduction").

The Trustee shall charge the Income and Principal Accounts as provided for in Section 3.5(b) for any and all expenses, including the fees of counsel which may be retained by the Trustee in connection with its activities hereunder, and disbursements incurred hereunder and any extraordinary services performed by the Trustee hereunder. The Trustee shall be indemnified and held harmless against any loss or liability accruing to it without gross negligence, bad faith or willful misconduct on its part, arising out of or in connection with the

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acceptance or administration of this trust, including the costs and expenses (including counsel fees) of defending itself against any claim of liability in the premises. If the cash balances in the Income and Principal Accounts shall be insufficient to provide for amounts payable pursuant to this Section 6.4, the Trustee shall have the power to sell Securities. The Depositor shall, upon request by the Trustee, designate Securities to be sold for the purpose of payment of expenses hereunder, provided that if the Depositor shall fail so to designate, the Trustee shall sell Fund Shares and Treasury Obligations in such amounts as will result in the remaining Fund Shares and Treasury Obligations held in the Trust approximating, as closely as possible, the proportionate ratio of such Fund Shares and Treasury Obligations on the initial date of deposit referred to in Section 2.1, provided, however, that Treasury Obligations shall not be sold to the extent that the maturity value, per Unit, of the Treasury Obligations remaining after such sale would be less than the maturity value, per Unit, of the Treasury Obligations on the initial date of deposit. The Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of any sale of Securities made pursuant to this Section 6.4. Any moneys payable to the Trustee pursuant to this section shall be secured by a prior lien on the Trust.

The Depositor shall, upon request by the Trustee, provide the Trustee with a current list of Securities designated to be sold for the purpose of payment of expenses hereunder, provided that if the Depositor shall for any reason fail to provide such a list, the Trustee, in its sole discretion, may designate a current list of Securities for such purposes. The net proceeds of any such sales of Securities from such list representing principal shall be credited to the Principal Account.

Section 6.5. Removal and Resignation of the Trustee; Successor: The following provisions shall provide for the removal and resignation of the Trustee and the appointment of any

successor Trustee:

(a) any resignation or removal of the Trustee and appointment of a successor pursuant to this section shall not become effective until acceptance of appointment by the successor Trustee as provided in subsection (b) hereof;

(b) the Trustee or any trustee hereafter appointed may resign and be discharged of the Trust created by this Indenture by executing an instrument in writing resigning as such Trustee, filing the same with the Depositor and mailing a copy of a notice of resignation to all Certificateholders then on record not less than sixty days before the date specified in such instrument when, subject to Section 6.5(d), such resignation is to take effect. Upon receiving such notice of resignation, the Depositor

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shall use its best efforts to promptly appoint a successor Trustee as hereinafter provided, by written instrument, in duplicate, one copy of which shall be delivered to the resigning Trustee and one copy to the successor Trustee. In case at any time the Trustee shall become incapable of acting or shall be deemed incapable of acting by the written consent of holders of Certificates evidencing  $66 \frac{2}{3}\%$  of the outstanding Units comprising a particular series, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purposes of rehabilitation, conservation, or liquidation, then in any such case the Depositor may remove the Trustee and appoint a successor Trustee by written instrument, in duplicate, one copy of which shall be delivered to the Trustee so removed and one copy to the successor Trustee; provided that notice of such removal and appointment of a successor shall be given to each Certificateholder then of record;

(c) any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Depositor and the retiring Trustee an instrument accepting such appointment hereunder, and such successor Trustee without any further act, deed or conveyance shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder with like effect as if originally named Trustee herein and shall be bound by all the terms and conditions of this Indenture. Upon the request of such successor Trustee, the Depositor and the retiring Trustee shall, upon payment of any amounts due the retiring Trustee or provision therefor to the satisfaction of such retiring Trustee, execute and deliver an instrument acknowledged by it transferring to such successor Trustee all the

rights and powers of the retiring Trustee; and the retiring Trustee shall transfer, deliver and pay over to the successor Trustee all Securities and moneys at the time held by it hereunder, together with all necessary instruments of transfer and assignment or other documents properly executed necessary to effect such transfer and such of the records or copies thereof maintained by the retiring Trustee in the administration hereof as may be requested by the successor Trustee, and shall thereupon be discharged from all duties and responsibilities under this Indenture. The retiring Trustee shall, nevertheless, retain a lien upon all Securities and moneys at the time held by it hereunder to secure any amounts then due the retiring Trustee hereunder;

(d) in case at any time the Trustee shall resign and no successor Trustee shall have been appointed and have accepted appointment within thirty days after notice of resignation has been received by the Depositor, the retiring Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon,

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after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee; and

(e) any corporation into which any Trustee hereunder may be merged or with which it may consolidate, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Indenture without the execution or filing of any paper, instrument or further act to be done on the part of the parties hereto, anything herein, or in any agreement relating to such merger or consolidation, by which any such Trustee may seek to retain certain powers, rights and privileges theretofore obtaining for any period of time following such merger or consolidation, to the contrary notwithstanding.

Section 6.6. Qualifications of Trustee: The Trustee, or any successor thereof, shall be a corporation organized and doing business under the laws of the United States or any state thereof, which is authorized under such laws to exercise corporate trust powers and having at all times an aggregate capital, surplus, and undivided profits of not less than \$2,500,000.

ARTICLE 7

DEPOSITOR

Section 7.1. Succession: The covenants, provisions and agreements herein contained shall in every case be binding upon any successor to the business of the Depositor. In the event of the death, resignation or withdrawal of any partner of a Depositor or of any successor Depositor which may be a partnership, the deceased, resigning or withdrawing partner shall be relieved of all further liability hereunder if at the time of such death, resignation or withdrawal such Depositor maintains a net worth (determined in accordance with generally accepted accounting principles) of at least \$1,000,000. In the event of an assignment by the Depositor to a successor corporation or partnership as permitted by the next following sentence, the Depositor and, if the Depositor is a partnership, its partners, shall be relieved of all further liability under this Indenture. A Depositor may transfer all or substantially all of its assets to a corporation or partnership which carries on the business of the Depositor, if at the time of such transfer such successor duly assumes all the obligations of the Depositor under this Indenture and if at such time such successor maintains a net worth of at least \$1,000,000 (determined in accordance with generally accepted accounting principles).

Section 7.2. Resignation of Depositor: If at any time any Depositor desires to resign its position as Depositor

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hereunder, it may resign by delivering to the Trustee an instrument of resignation executed by such Depositor. Such resignation shall become effective upon the expiration of thirty days from the date on which such instrument is delivered to the Trustee. Upon effective resignation hereunder, the resigning Depositor shall be discharged and shall no longer be liable in any manner hereunder except as to acts or omissions occurring prior to such resignation, any successor Depositor appointed by the Trustee pursuant to Section 6.1(f) shall thereupon perform all duties and be entitled to all rights under this Indenture. The successor Depositor shall not be under any liability hereunder for occurrences or omissions prior to the execution of such instrument.

Section 7.3. Liability of Depositor and Indemnification: (a) The Depositor shall be under no liability to the Trust or the Certificateholders for any action or for refraining from the taking of any action in good faith pursuant to this Indenture, or for errors in judgment or for depreciation or loss incurred by reason of the purchase or sale of any Securities, provided, however, that this provision shall not protect the Depositor against any liability to which it would otherwise be subject by reason of willful misfeasance, bad faith

or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties hereunder. The Depositor may rely in good faith on any paper, order, notice, list, affidavit, receipt, evaluation, opinion, endorsement, assignment, draft or any other document of any kind prima facie properly executed and submitted to it by the Trustee, the Trustee's counsel or any other person for any matters arising hereunder. The Depositor shall in no event be deemed to have assumed or incurred any liability, duty, or obligation to any Certificateholder or the Trustee other than as expressly provided for herein.

(b) The Trust shall pay and hold the Depositor harmless from and against any loss, liability or expense incurred in acting as Depositor of the Trust other than by reason of willful misfeasance, bad faith or gross negligence in the performance of their duties or by reason of their reckless disregard of their obligations and duties hereunder, including the costs and expenses of the defense against any claim or liability in the premises. The Depositor shall not be under any obligation to appear in, prosecute or defend any legal action which in their opinion may involve them in any expense or liability, provided, however, that the Depositor may in their discretion undertake any such action which they may deem necessary or desirable in respect of this Indenture and the rights and duties of the parties hereto and the interests of the Certificateholders hereunder and, in such event, the legal expenses and costs of any such action and any liability resulting therefrom shall be expenses, costs and liabilities of the Trust

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and shall be paid directly by the Trustee out of the Income and Principal Accounts as provided by Section 3.5.

(c) None of the provisions of this Indenture shall be deemed to protect or purport to protect the Depositor against any liability to the Trust or to the Certificateholders to which the Depositor would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of the Depositor's reckless disregard of their obligations and duties under this Indenture.

## ARTICLE 8

### RIGHTS OF CERTIFICATEHOLDERS

Section 8.1. Beneficiaries of Trust: By the purchase and acceptance or other lawful delivery and acceptance of any Certificate the Certificateholder shall be deemed to be a



beneficiary of the Trust created by this Indenture and vested with all right, title and interest in the Trust to the extent of the Unit or Units set forth and evidenced by such Certificate, subject to the terms and conditions of this Indenture and of such Certificate.

Section 8.2. Rights, Terms and Conditions: In addition to the other rights and powers set forth in the other provisions and conditions of this Indenture the Certificate-holders shall have the following rights and powers and shall be subject to the following terms and conditions:

(a) A Certificateholder may at any time prior to the Evaluation Time on the date the Trust is terminated tender his Certificate or Certificates to the Trustee for redemption in accordance with Section 5.2.

(b) The death or incapacity of any Certificateholder shall not operate to terminate this Indenture or the Trust, nor entitle his legal representatives or heirs to claim an accounting or to take any action or proceeding in any court of competent jurisdiction for a partition or winding up of the Trust, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them. Each Certificateholder expressly waives any right he may have under any rule of law, or the provisions of any statute, or otherwise, to require the Trustee at any time to account, in any manner other than as expressly provided in this Indenture, in respect of the Bonds or moneys from time to time received, held and applied by the Trustee hereunder.

(c) No Certificateholder shall have any right to vote or in any manner otherwise control the operation and management

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of the Trust, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Certificates, be construed so as to constitute the Certificate-holders from time to time as partners; nor shall any Certificateholder ever be under any liability to any third persons by reason of any action taken by the parties to this Indenture for any other cause whatsoever.

## ARTICLE 9

### ADDITIONAL COVENANTS; MISCELLANEOUS PROVISIONS

Section 9.1. Amendments: This Indenture may be amended from time to time by the parties hereto or their

respective successors, without the consent of any of the Certificateholders (a) to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision contained herein; (b) to change any provision required by Securities and Exchange Commission or any successor governmental agency to be changed; or (c) to make such other provision in regard to matters or questions arising hereunder as shall not adversely affect the interests of the Certificateholders; provided, however, that the parties hereto may not amend this Indenture so as to (1) increase the number of Units above the number set forth in Part II of the Reference Trust Agreement or such lesser amount as may be outstanding at any time during the term of this Indenture, except as the result of the deposit of Additional Securities as herein provided, or (2) except in the manner permitted by the Indenture as in effect on the date of the first deposit of Securities under a particular Indenture, permit the deposit or acquisition hereunder of securities either in addition to or in replacement of any of the Bonds.

This Indenture may also be amended from time to time by the Depositor and the Trustee (or the performance of any of the provisions or this Agreement may be waived) with the expressed written consent of holders of Certificates evidencing 66-2/3% of the Units at the time outstanding under the Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the holders of Certificates; provided, however, that no such amendment or waiver shall (i) reduce the interest in the Trust represented by Units evidenced by any Certificate without the consent of the holder of such Certificate, (ii) reduce the aforesaid percentage of Units, the holders of which are required to consent to any such amendment, without the consent of the holders of all Certificates then outstanding or (iii) affect the duties, obligations and responsibilities of the Trustee without its consent.

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Promptly after the execution of any such amendment the Trustee shall furnish written notification to all then outstanding Certificateholders of the substance of such amendment.

Section 9.2. Termination: This Indenture and the Trust created hereby shall terminate upon the maturity, redemption, sale or other disposition as the case may be of the last Security held hereunder unless sooner terminated as hereinbefore specified and may be terminated at any time by written consent of all the holders of Certificates; provided that in no event shall the Trust continue beyond the end of the Mandatory

Termination Date specified in the prospectus for the Trust.

Written notice of any termination, specifying the time or times at which the Certificateholders may surrender their Certificates for cancellation shall be given by the Trustee to each Certificateholder at his address appearing on the registration books of the Trustee.

In the event of any termination of the Trust prior to the Termination Date, the Trustee shall proceed to liquidate the Securities then held and make the payments and distributions provided for hereinafter in this Section 9.2 except that in such event, the distribution to each Certificateholder shall be made in cash and shall be such Certificateholder's pro rata interest in the balance of the Principal and Income Account after the deductions herein provided.

In the event that the Trust terminates on the Termination Date, the Trustee shall, not less than 20 days prior to the Termination Date, send a written notice to each Certificateholder of record owning, as of such date, Units in the aggregate value of at least \$25,000. Such notices shall allow such Certificateholder to elect to redeem his Units at the net asset value on the Termination Date and to receive, in partial payment of the Redemption Price per Unit, an in-kind distribution of such Certificateholder's pro rata share of the Fund Shares, to the extent of whole shares. The Trustee shall liquidate all Fund Shares not distributed in kind. The Trustee will honor duly executed requests for such in-kind distribution received (accompanied by the electing Certificateholder's Certificate) by the close of business on the Termination Date. Certificateholders who do not effectively request an in-kind distribution shall receive their distribution upon termination in cash. Redemption of the Units of Certificateholders electing such in-kind distribution shall be made within 7 calendar days following the Termination Date and shall consist of (i) such Certificateholder's pro rata share of Fund Shares (valued as of the Termination Date) to the extent of whole shares and (ii) cash equal to the balance of such Certificateholder's Redemption Price. In any case, Certificateholders will receive their pro rata share of the Treasury Obligations and any other assets of

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the Trust, including fractional share entitlements of Fund Shares, in cash.

On the Termination Date, this Indenture and the Trust created hereby shall terminate. In connection with such Termination, the Trustee shall segregate such number of shares of

Securities as shall be necessary to satisfy in-kind distributions to Certificateholders electing such distribution.

The balance of the Securities shall be sold over a period of 60 business days immediately following the Termination Date. The Depositor shall direct the Trustee to sell the Securities in such manner as the Depositor determine will produce the best price for the Trust. Pursuant to such direction, the Trustee may use the services of the Depositor to effect such sales.

Within a reasonable period of time after such termination and liquidation of Securities, the Trustee shall:

(a) deduct from the Income Account or, to the extent that funds are not available in such account, from the Principal Account and pay to itself individually an amount equal to the sum of

- (1) its accrued compensation for its ordinary recurring services,
- (2) any compensation due it for its extraordinary services, and
- (3) any other costs, expenses, advances or indemnities as provided herein;

(b) deduct from the Income Account or, to the extent that funds are not available in such account, from the Principal Account and pay accrued and unpaid fees of counsel pursuant to Section 3.9 unpaid fees of the Evaluator pursuant to Section 4.4, and unpaid fees, expenses and indemnities of the Depositor pursuant to Sections 7.3;

(c) deduct from the Income Account or the Principal Account any amounts which may be required to be deposited in the Reserve Account to provide for payment of any applicable taxes or other governmental charges and any other amounts which may be required to meet expenses incurred under this Indenture;

(d) make a final distribution from the Trust, against surrender for cancellation of each Certificateholder's Certificate or Certificates, such Certificateholder's pro rata share of the cash balances of the Income and Principal Accounts

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and, on the conditions set forth in Section 3.04 hereof, the balance of the Reserve Account, if any;

(e) together with such distribution to each Certificateholder as provided for in (d), furnish to each such Certificateholder a final distribution statement as of the date of the computation of the amount distributable to Certificateholders, setting forth the data and information in substantially the form and manner provided for in Section 3.6 hereof; and

(f) distribute to each Certificateholder receiving the distribution provided in paragraph (d) any dividends, which on the Termination Date were declared, but not received, net of any and all expenses not previously deducted, within a reasonable time of their receipt.

The amounts to be so distributed to each Certificateholder shall be that pro rata share of the balance of the total Income and Principal Accounts as shall be represented by the Units therein evidenced by the outstanding Certificate or Certificates held of record by such Certificateholder.

The Trustee shall be under no liability with respect to moneys held by it in the Income, Reserve and Principal Accounts upon termination except to hold the same in trust without interest until disposed of in accordance with the terms of this Indenture.

Upon the Depositor's request, the Trustee will include in the written notice to be sent to Certificateholders referred to in the fourth paragraph of this section a form of election whereby Certificateholders electing a cash distribution may express interest in investing such cash distribution in units of another series of the Equity Securities Trust (the "New Series"). The Trustee will inform the Depositor of all Certificateholders who, within the time period specified in such notice, express such interest. The Depositor will provide to such Certificateholders any applicable sales material with respect to the New Series and a form, acceptable to the Trustee, whereby a Certificateholder may appoint the Trustee the Certificateholder's agent to apply the Certificateholder's cash distribution for the purchase of a unit or units of the New Series. Such form will specify, among other things, the time by which it must be returned to the Trustee in order to be effective and the manner in which such purchase shall be made. This paragraph shall not obligate the Depositor to create any New Series or to provide any such investment election.

Section 9.3. Construction: This Indenture is executed and delivered in the State of New York, and all local laws or rules of construction of such State shall govern the rights of

the parties hereto and the Certificateholders and the interpretation of the provisions hereof.

Section 9.4. Registration of Certificates: The Depositor agrees and undertakes to register the Certificates with the Securities and Exchange Commission or other applicable governmental agency pursuant to applicable Federal or State statutes, if such registration shall be required, and to do all things that may be necessary or required to comply with this provision during the term of the Trust created hereunder, and the Trustee shall incur no liability or be under any obligation or expense in connection therewith.

Section 9.5. Written Notice: Any notice, demand, direction or instruction to be given to the Depositor hereunder shall be in writing and shall be duly given if mailed or delivered to the Depositor as follows: Bear, Stearns & Co. Inc., 245 Park Avenue, New York, New York 10167 or at such other address as shall be specified by the Depositor to the Trustee in writing. Any notice, demand, direction or instruction to be given to the Trustee shall be in writing and shall be duly given if mailed or delivered to the Trustee at 770 Broadway, New York, New York 10003, Attention: Unit Investment Trust Division, or such other address as shall be specified to the Depositor by the Trustee in writing. Any notice, demand, direction or instruction to be given to the Evaluator shall be in writing and shall be duly given if mailed or delivered to the Evaluator, Attention: Vice President, 65 Broadway, New York, New York 10006 or such other address as shall be specified to the other parties hereto by the Evaluator in writing. Any notice to be given to the Certificateholders shall be duly given if mailed or delivered to each Certificateholder at the address of such holder appearing on the registration books of the Trustee.

Section 9.6. Severability: If any one or more of the covenants, agreements, provisions or terms of this Indenture shall be held contrary to any express provision of law or contrary to policy or express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Indenture and shall in no way affect the validity or enforceability of the other provisions of this Indenture or of the Certificates or the rights of the holders thereof.

Section 9.7. Dissolution of Depositor Not to Terminate: The dissolution of the Depositor from or for any cause whatsoever shall not operate to terminate this Indenture or the Trust.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first above written.

[Signatures and acknowledgements on separate pages.]

BEAR, STEARNS & CO. INC.  
Depositor

PETER J. DEMARCO  
Managing Director

STATE OF NEW YORK )  
                              : ss.:  
COUNTY OF NEW YORK )

I, Teresa Scilla, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Peter J. DeMarco personally known to me to be the same person whose name is subscribed to the foregoing instrument and personally known to me to be a Managing Director of Bear, Stearns & Co. Inc., a corporation, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument as his free and voluntary act as such Managing Director and as the free and voluntary act of said Bear, Stearns & Co. Inc., for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 20th day of January, 1994.

TERESA SCILLA  
Notary Public

(SEAL)

My Commission expires:

TERESA SCILLA  
NOTARY PUBLIC, State of New York  
No.31-4752676  
Qualified in the County of New York  
Term Expires 8/31/94

UNITED STATES TRUST COMPANY  
OF NEW YORK

Trustee

THOMAS CENTRONE  
Vice President

(SEAL)

ATTEST:

ANDREW TURNER  
Assistant Secretary

STATE OF NEW YORK     )  
                              :   ss.:  
COUNTY OF NEW YORK    )

On this 19 day of January, 1994, before me personally came Thomas Centrone, to me known, who being by me duly sworn, said that he is a Vice President of United States Trust Company of New York, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

DOROTHY S. BOCHINO  
Notary Public

(SEAL)

My Commission expires:  
DOROTHY S. BOCHINO  
NOTARY PUBLIC, State of New York  
No. 01B04950864  
Qualified in Richmond County  
Commission Expires 5-8-95

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KENNY INFORMATION SYSTEMS, INC.,  
Evaluator

By:     JAMES R. QUANDT  
          President



SEAL

ATTEST:

F.A. SHINAL

Senior Vice President

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No. 1

CERTIFICATE OF OWNERSHIP

--evidencing--

A Fractional Undivided Interest

--in--

EQUITY SECURITIES TRUST

SERIES \_\_\_\_\_

Equit's

\_\_\_\_\_  
UNITS

\_\_\_\_\_  
CUSIP

This is to certify that \_\_\_\_\_ is the owner and registered holder of this Certificate evidencing the ownership of \_\_\_\_\_ unit(s) of fractional undivided interest in Equity Securities Trust of the above Series (hereinafter called the "Trust") created under the laws of the State of New York by a Trust Indenture and Agreement as incorporated by a Reference Trust Agreement applicable to the above Series (hereinafter collectively called the "Indenture") among BEAR, STEARNS & CO. INC. (hereinafter called the "Depositor"), UNITED STATES TRUST COMPANY OF NEW YORK (hereinafter called the "Trustee") and KENNY S&P EVALUATION SERVICES (hereinafter called the "Evaluator"). This Certificate is issued under and is subject to the terms, provisions and conditions of the Indenture to which the holder of this Certificate by virtue of the acceptance hereof assents and is bound, a summary of which Indenture is contained in the Prospectus relating to the Trust. The Depositor hereby grants and conveys all of its right, title and interest in and to the Trust to the extent of the fractional undivided interest represented hereby to the registered holder of this Certificate subject to and in pursuance of the Indenture. This Certificate is transferable and interchangeable by the registered holder in person or by his duly authorized attorney at the unit investment trust office of the Trustee upon surrender of this Certificate properly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and payment of the

fees and expenses applicable hereto set forth herein.

This Certificate shall not become valid or binding for any purpose until properly executed by the Trustee under the Indenture.

IN WITNESS WHEREOF, Bear, Stearns & Co. Inc., as Depositor, has caused this Certificate to be executed in facsimile by a duly authorized officer and United States Trust Company of New York, as Trustee, has caused this Certificate to be executed in its corporate name by an authorized officer.

Date: BEAR, STEARNS & CO. INC., Depositor

UNITED STATES TRUST COMPANY  
OF NEW YORK, Trustee

By:  
Authorized Officer

#### ASSIGNMENT

For Value Received \_\_\_\_\_ hereby sells, assigns and transfers unto \_\_\_\_\_ the within Certificate and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the within Certificate on the books of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Note: The signature(s) to this assignment must correspond with the name(s) as written above upon the face of this Certificate in every particular, without alteration or enlargement or any change whatever.

\_\_\_\_\_  
Signature Guaranteed

[end of certificate]

Battle Fowler  
280 Park Avenue  
New York, New York 10017

January 21, 1994

Bear, Stearns & Co. Inc.  
245 Park Avenue  
New York, New York 10167

Re: Equity Securities Trust, Series 4, EquiT's

Dear Sirs:

We have acted as special counsel for Bear, Stearns & Co. Inc., as Depositor, Sponsor and Principal Underwriter (collectively, the "Depositor") of Equity Securities Trust, Series 4, EquiT's (the "Trust") in connection with the issuance by the Trust of 20,000 units of fractional undivided interest (the "Units") in the Trust. Pursuant to the Trust Agreements referred to below, the Depositor has transferred to the Trust certain securities and contracts to purchase certain securities together with an irrevocable letter of credit to be held by the Trustee upon the terms and conditions set forth in the Trust Agreements. (All securities to be acquired by the Trust are collectively referred to as the "Securities").

In connection with our representation, we have examined copies of the following documents relating to the creation of the Trust and the issuance and sale of the Units: (a) the Trust Indenture and Agreement and related Reference Trust Agreement, each of even date herewith, relating to the Trust (collectively the "Trust Agreements") among the Depositor, United States Trust Company of New York, as Trustee, and Kenny S&P Evaluation Services, as Evaluator; (b) the Notification of Registration on Form N-8A and the Registration Statement on Form N-8B-2, as

amended, relating to the Trust, as filed with the Securities and Exchange Commission (the "Commission") pursuant to the Investment Company Act of 1940 (the "1940 Act"); (c) the Registration Statement on Form S-6 (Registration No. 33-51009) filed with the Commission pursuant to the Securities Act of 1933 (the "1933 Act"), and all Amendments thereto (said Registration Statement, as amended by said

Bear, Stearns & Co. Inc.  
January 21, 1994

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Amendment(s) being herein called the "Registration Statement"); (d) the proposed form of final Prospectus (the "Prospectus") relating to the Units, which is expected to be filed with the Commission this day; (e) certified resolutions of the Executive Committee of the Depositor authorizing the execution and delivery by the Depositor of the Trust Agreements and the consummation of the transactions contemplated thereby; (f) the Certificate of Incorporation and By-Laws of the Depositor, each certified to by an authorized officer of the Depositor as of a recent date; and (g) a certificate of an authorized officer of the Depositor with respect to certain factual matters contained therein.

We have also examined (i) the Application for an Amended Order of Exemption from certain provisions of Section 11(a) of the 1940 Act, which has been filed with the Commission by the Depositors; Mortgage Securities Trust, CMO Series 1 (and Subsequent Series); Municipal Securities Trust, Series 1 (and Subsequent Series (including Insured Municipal Securities Trust, Series 1 (and Subsequent Series) and 5th Discount Series (and Subsequent Series)); New York Municipal Trust, Series 1 (and Subsequent Series); and A Corporate Trust, Series 1 (and Subsequent Series) on October 2, 1990 and as amended thereafter and the related Exemptive Order (IC-18290) issued by the Commission on August 28, 1991 and (ii) the Application for an Amended Order of Exemption from certain provisions of Section 11(a) of the 1940 Act, which has been filed with the Commission by the Depositors on behalf of Municipal Securities Trust, Series 1 (and Subsequent Series (including Insured Securities Trust, Series 1 (and Subsequent Series) and 5th Discount Series (and Subsequent Series)); New York Municipal Trust, Series 1 (and Subsequent Series); A Corporate Trust, Series 1 (and Subsequent Series); Mortgage Securities Trust, CMO Series 1 (and Subsequent Series); and Equity Securities Trust (Series 1, Signature Series, Gabelli Communications Income Trust and Subsequent Series) on November 12, 1992.

We have not reviewed the financial statements, compilation of the Securities held by the Trust, or other financial or statistical data contained in the Registration Statement and the Prospectus, as to which you have been furnished with the reports of the accountants appearing in the Registration Statement and the Prospectus.

In addition, we have assumed the genuineness of all agreements, instruments and documents submitted to us as originals and the conformity to originals of all copies thereof submitted to us. We have also assumed the genuineness of all signatures and

Bear, Stearns & Co. Inc.  
January 21, 1994

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the legal capacity of all persons executing agreements, instruments and documents examined or relied upon by us.

Statements in this opinion as to the validity, binding effect and enforceability of agreements, instruments and documents are subject: (i) to limitations as to enforceability imposed by bankruptcy, reorganization, moratorium, insolvency and other laws of general application relating to or affecting the enforceability of creditors' rights, and (ii) to limitations under equitable principles governing the availability of equitable remedies.

We are not admitted to the practice of law in any jurisdiction but the State of New York and we do not hold ourselves out as experts in or express any opinion as to the laws of other states or jurisdictions except as to matters of Federal and Delaware corporate law.

Based exclusively on the foregoing, we are of the opinion that under existing law:

(1) The Trust Agreements have been duly authorized and entered into by an authorized officer of the Depositor and is a valid and binding obligation of the Depositor in accordance with its terms.

(2) The execution and delivery of the Certificate evidencing the Units has been duly authorized by the Depositor and such Certificate, when executed by the Depositor and the Trustee in accordance with the provisions of the Certificate and the respective Trust Agreements and issued for the consideration contemplated therein, will constitute fractional undivided interests in the Trust, will be entitled to the benefits of the Trust Agreements, will conform in all material respects to the

description thereof for the Units as provided in the Trust Agreements and the Registration Statement, and the Units will be fully paid and non-assessable by the Trust.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name in the Registration Statement and in the Prospectus under the headings "Tax Status" and "Legal Opinions". We authorize you to deliver copies of this opinion to the Trustee and the Underwriters named in Schedule A to the Master Agreement Among Underwriters, as amended, relating to the Trust and the Trustee may rely on this opinion as fully and to the same extent as if it had been addressed to it.

Bear, Stearns & Co. Inc.  
January 21, 1994

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This opinion is intended solely for the benefit of the addressees and the Trustee in connection with the issuance of the Units of the Trust and may not be relied upon in any other manner or by any other person without our express written consent.

Very truly yours,

Battle Fowler

EXHIBIT 99.5.1

KENNY S&P EVALUATION SERVICES  
A Division of Kenny Information Systems, Inc.

65 Broadway  
New York, New York 10006-2511  
Telephone 212/770-4900

F.A. SHINAL  
Senior Vice President  
Chief Financial Officer

January 21, 1994

Bear Stearns & Co., Inc.  
245 Park Avenue  
New York, NY 10167

RE: Equity Securities Trust  
Series 4, EquiT's

Gentlemen:

We have examined Registration Statement File No. 33-51009 for the above-captioned trust. We hereby acknowledge that Kenny S&P Evaluation Services, a division of Kenny Information Systems, Inc. is currently acting as the evaluator for the trust. We hereby consent to the use in the Registration Statement of the reference to Kenny S&P Evaluation Services, a division of Kenny Information Systems, Inc. as evaluator.

You are hereby authorized to file a copy of this letter with the Securities and Exchange Commission.

Sincerely,

F.A. SHINAL  
Senior Vice President