FORM 497

Definitive materials filed under paragraph (a), (b), (c), (d), (e) or (f) of Securities Act Rule 497

Filing Date: **1994-01-13**
SEC Accession No. 0000719451-94-000006

(HTML Version on secdatabase.com)

FILER

FIDELITY NEW YORK MUNICIPAL TRUST
CIK:**718581**| State of Incorp.:**MA** | Fiscal Year End: **1031**
Type: **497** | Act: **33** | File No.: **002-83295** | Film No.: **94501285**

Mailing Address
82 DEVONSHIRE STREET
MAIL ZONE ZZ2
BOSTON MA 02109

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82 DEVONSHIRE ST
BOSTON MA 02109
6173300814

Please read this prospectus before investing, and keep it on file for future reference. It contains important information, including how the fund invests and the services available to shareholders.
A Statement of Additional Information dated December 22, 1993 has been filed with the Securities and Exchange Commission, and is incorporated herein by reference (is legally considered a part of this prospectus). The Statement of Additional Information is available free upon request by calling Fidelity at 1-800-544-8888.
Mutual fund shares are not deposits or obligations of, or endorsed or guaranteed by, any bank, nor are they federally insured or otherwise protected by the FDIC, the Federal Reserve Board, or any other agency.
Spartan New York Intermediate Municipal seeks a high level of current income exempt from federal income tax and New York state and city income taxes while maintaining an average maturity of three to 10 years.
SPARTAN(Registered trademark)
NEW YORK
INTERMEDIATE
MUNICIPAL
PORTFOLIO
PROSPECTUS
DECEMBER 22, 1993
LIKE ALL MUTUAL FUNDS, THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.
SNI-pro-1293
(Registered trademark)
82 Devonshire Street, Boston, MA 02109
<r>CONTENTS</r>

KEY FACTS

THE FUND AT A GLANCE

GOAL: High current tax-free income for New York residents. As with any mutual fund there is no assurance that the fund will achieve its goal.

STRATEGY: Invests mainly in investment-grade securities whose interest is exempt from federal income tax and New York state and city income taxes, while maintaining an average maturity of three to 10 years.

MANAGEMENT: Fidelity Management & Research Company (FMR) is the management arm of Fidelity Investments, which was established in 1946 and is now America's largest mutual fund manager.

WHO MAY WANT TO INVEST

This non-diversified fund may be appropriate for New York investors in higher tax brackets who seek high current income that is exempt from federal and state taxes. A fund's level of risk , and potential reward , depend on the quality and maturity of its investments. With its focus on medium- to high-quality investments and intermediate maturity, this fund has a moderate risk level and yield potential.

By itself, the fund does not constitute a balanced investment plan. The value of the fund's investments and the income they generate will vary from day to day, generally reflecting changes in interest rates, market conditions, and other federal and state political and economic news. When you sell your shares, they may be worth more or less than what you paid for them.

The Spartan family of funds is designed for cost-conscious investors looking for higher yields through lower costs. The Spartan Approach(Registered trademark) requires investors to make high minimum investments and, in some cases, to pay for individual transactions.

THE SPECTRUM OF FIDELITY FUNDS

Broad categories of Fidelity funds are presented here in order of ascending risk. Generally, investors seeking to maximize return must assume greater risk. Spartan New York Intermediate Municipal is in the INCOME category.

(bullet) MONEY MARKET Seeks income and stability by investing in high-quality, short-term investments.

(arrow) INCOME Seeks income by investing in bonds.

(bullet) GROWTH AND INCOME Seeks long-term growth and income by investing in stocks and bonds.

(bullet) GROWTH Seeks long-term growth by investing mainly in stocks.

(checkmark)

<r>EXPENSES & PERFORMANCE</r>

EXPENSES

SHAREHOLDER TRANSACTION EXPENSES are charges you pay when you buy or sell shares of a fund. See page 11 for more information.

Maximum sales charge on purchases and reinvested dividends	None
Deferred sales charge on redemptions	None
Exchange and wire transaction fees	$5.00
Checkwriting fee, per check written	$2.00
Account closeout fee	$5.00

THESE FEES ARE WAIVED if your account balance at the time of the transaction is $50,000 or more.

ANNUAL FUND OPERATING EXPENSES are paid out of the fund's assets. The fund pays a management fee to FMR. Expenses are factored into the fund's share price or dividends and are not charged directly to shareholder accounts (see page 13).

The following are projections based on estimated expenses, and are calculated as a percentage of average net assets.

Management fee (after reimbursement)	0.00 %
12b-1 fee	None
Other expenses	0.00 %
Total fund operating expenses	0.00 %

EXAMPLES: Let's say, hypothetically, that the fund's annual return is 5% and that its operating expenses are exactly as just described. For every $1,000 you invested, here's how much you would pay in total expenses after the number of years indicated, first assuming that you leave your account open, and then assuming that you close your account at the end of the period.

	Account open	Account closed
After 1 year	$ 0	$ 5
After 3 years	$ 0	$ 5

These examples illustrate the effect of expenses, but are not meant to suggest actual or expected costs or returns, all of which may vary.

FMR has voluntarily agreed to temporarily limit Spartan New York Intermediate Municipal's operating expenses to .00% . If this agreement were not in effect, the management fee, other expenses, and total operating expenses would be .55%, .00%, and .55% respectively. Expenses eligible for reimbursement do not include interest, taxes, brokerage commissions, or extraordinary expenses.

UNDERSTANDING
EXPENSES

Operating a mutual fund involves a variety of expenses for portfolio management, shareholder statements, tax reporting, and other services. These costs are paid from the fund's assets; their effect is already factored into any quoted share price or return.

(checkmark)

PERFORMANCE

This section would normally show how the fund has done over time. Because the fund was new when this prospectus was printed, its performance is not included. Twice a year, you will receive a report detailing the fund's recent strategies, performance, and holdings. For current performance or a free annual report, call 1-800-544-8888.

EXPLANATION OF TERMS

TOTAL RETURN is the change in value of an investment in the fund over a given period, assuming reinvestment of any dividends and capital gains. A CUMULATIVE TOTAL RETURN reflects actual performance over a stated period of time. An AVERAGE ANNUAL TOTAL RETURN is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. Average annual total returns smooth out variations in performance; they are not the same as actual year-by-year results. Average annual total returns covering periods of less than one year assume that performance will remain constant for the rest of the year.

YIELD refers to the income generated by an investment in the fund over a given period of time, expressed as an annual percentage rate. A TAX-EQUIVALENT YIELD shows what an investor would have to earn before taxes to equal a tax-free yield. Yields are calculated according to a standard that is required for all stock and bond funds. Because this differs from other accounting methods, the quoted yield may not equal the income actually paid to shareholders.

TOTAL RETURNS AND YIELDS ARE BASED ON PAST RESULTS AND ARE NOT AN INDICATION OF FUTURE PERFORMANCE.

UNDERSTANDING
PERFORMANCE

YIELD illustrates the income earned by a fund over a recent period. 30-day yields are usually used for bond funds. Yields change daily, reflecting changes in interest rates.

TOTAL RETURN reflects both the reinvestment of income and capital gain distributions and any change in a fund's share price.

(checkmark)

<r>YOUR ACCOUNT</r>

DOING BUSINESS WITH FIDELITY

Fidelity Investments was established in 1946 to manage one of America's first mutual funds. Today, Fidelity is the largest mutual fund company in the country, and is known as an innovative provider of high-quality financial services to individuals and institutions.

In addition to its mutual fund business, the company operates one of America's leading discount brokerage firms, Fidelity Brokerage Services, Inc. (FBSI). Fidelity is also a leader in providing tax-sheltered retirement plans for individuals investing on their own or through their employer.

Fidelity is committed to providing investors with practical information to make investment decisions. Based in Boston, Fidelity provides customers with complete service 24 hours a day, 365 days a year, through a network of telephone service centers around the country.

To reach Fidelity for general information, call these numbers:

(bullet) For mutual funds, 1-800-544-8888

(bullet) For brokerage, 1-800-544-7272

If you would prefer to speak with a representative in person, Fidelity has over 75 walk-in Investor Centers across the country .

TYPES OF ACCOUNTS

You may set up an account directly in the fund or, if you own or intend to purchase individual securities as part of your total investment portfolio, you may consider investing in the fund through a brokerage account.

If you are investing through FBSI or another financial institution or investment professional, refer to its program materials for any special provisions regarding your investment in the fund.

The different ways to set up (register) your account with Fidelity are listed below.

WAYS TO SET UP YOUR ACCOUNT

INDIVIDUAL OR JOINT TENANTS

FOR YOUR GENERAL INVESTMENT NEEDS

Individual accounts are owned by one person. Joint accounts can have two or more owners (tenants).

GIFTS OR TRANSFERS TO A MINOR (UGMA, UTMA)

TO INVEST FOR A CHILD'S FUTURE NEEDS

These custodial accounts provide a way to give money to a child and obtain tax benefits. An individual can give up to $10,000 a year per child without paying federal gift tax. Depending on state laws, you can set up a custodial account under the Uniform Gifts to Minors Act (UGMA) or the Uniform Transfers to Minors Act (UTMA).

TRUST

FOR MONEY BEING INVESTED BY A TRUST

The trust must be established before an account can be opened.

BUSINESS OR ORGANIZATION

FOR INVESTMENT NEEDS OF CORPORATIONS, ASSOCIATIONS, PARTNERSHIPS, OR OTHER GROUPS

Requires a special application.

HOW TO BUY SHARES

THE FUND'S SHARE PRICE, called net asset value (NAV), is calculated every business day. The fund's shares are sold without a sales charge.

Shares are purchased at the next NAV calculated after your investment is received and accepted. NAV is normally calculated at 4 p.m. Eastern time.

IF YOU ARE NEW TO FIDELITY, complete and sign an account application and mail it along with your check. You may also open your account in person or by wire as described on page 8. If there is no application accompanying this prospectus, call 1-800-544-8888.

IF YOU ALREADY HAVE MONEY INVESTED IN A FIDELITY FUND, you can:

(bullet) Mail in an application with a check, or

(bullet) Open your account by exchanging from another Fidelity fund.

If you buy shares by check or Fidelity Money Line(Registered trademark), and then sell those shares by any method other than by exchange to another Fidelity fund, the payment may be delayed for up to seven business days to ensure that your previous investment has cleared.

MINIMUM INVESTMENTS

TO OPEN AN ACCOUNT $10,000

TO ADD TO AN ACCOUNT $1,000

Through automatic investment plans $500
MINIMUM BALANCE $5,000

UNDERSTANDING THE
SPARTAN APPROACH(Registered trademark)
Fidelity's Spartan Approach is based on the principle that lower fund expenses can increase returns. The Spartan funds keep expenses low in two ways. First, higher investment minimums reduce the effect of a fund's fixed costs, many of which are paid on a per-account basis. Second, unlike most mutual funds that include transaction costs as part of overall fund expenses, Spartan shareholders pay directly for the transactions they make.
(checkmark)

<TABLE>
<CAPTION>

<S>	<C> TO OPEN AN ACCOUNT	<C> TO ADD TO AN ACCOUNT
PHONE 1-800-544-7777	(bullet) Exchange from another Fidelity fund account with the same registration, including name, address, and taxpayer ID number.	(bullet) Exchange from another Fidelity fund account with the same registration, including name, address, and taxpayer ID number. (bullet) Use Fidelity Money Line to transfer from your bank account. Call before your first use to verify that this service is in place on your account. Maximum Money Line: $50,000.

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<S>	<C>	<C>
MAIL	(bullet) Complete and sign the application. Make your check payable to "Spartan New York Intermediate Municipal Portfolio." Mail to the address indicated on the application.	(bullet) Make your check payable to "Spartan New York Intermediate Municipal Portfolio." Indicate your fund account number on your check. Mail to the address printed on your account statement. (bullet) Exchange by mail: call 1-800-544-6666 for instructions.

</TABLE>

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<S>	<C>	<C>
IN PERSON	(bullet) Bring your application	(bullet) Bring your check to a

and check to a Fidelity Investor Center. Call 1-800-544-9797 for the center nearest you.	Fidelity Investor Center. Call 1-800-544-9797 for the center nearest you.

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<S>	<C>	<C>
WIRE	(bullet) There may be a $5.00 fee for each wire purchase. (bullet) Call 1-800-544-7777 to set up your account and to arrange a wire transaction. (bullet) Wire within 24 hours to: Bankers Trust Company, Bank Routing #021001033, Account #00163053. Specify "Spartan New York Intermediate Municipal Portfolio" and include your new account number and your name.	(bullet) There may be a $5.00 fee for each wire purchase. (bullet) Wire to: Bankers Trust Company, Bank Routing #021001033, Account #00163053. Specify "Spartan New York Intermediate Municipal Portfolio" and include your account number and your name.

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<S>	<C>	<C>
AUTOMATICALLY	(bullet) Not available	(bullet) Use Fidelity Automatic Account Builder. Sign up for this service when opening your account, or call 1-800-544-6666 to add it.

TDD - SERVICE FOR THE DEAF AND HEARING-IMPAIRED: 1-800-544-0118

</TABLE>

HOW TO SELL SHARES

You can arrange to take money out of your fund account at any time by selling (redeeming) some or all of your shares. Your shares will be sold at the next share price calculated after your order is received and accepted. NAV is normally calculated at 4 p.m. Eastern time.

IF YOU ARE SELLING SOME BUT NOT ALL OF YOUR SHARES, leave at least $5,000 worth of shares in the account to keep it open.

TO SELL SHARES BY BANK WIRE OR FIDELITY MONEY LINE, you will need to sign up for these services in advance.

CERTAIN REQUESTS MUST INCLUDE A SIGNATURE GUARANTEE. It is designed to protect you and Fidelity from fraud. Your request must be made in writing and include a signature guarantee if any of the following situations apply:

(bullet) You wish to redeem more than $100,000 worth of shares,
(bullet) Your account registration has changed within the last 30 days,
(bullet) The check is being mailed to a different address than the one on your account (record address),
(bullet) The check is being made payable to someone other than the account owner, or
(bullet) The redemption proceeds are being transferred to a Fidelity account with a different registration.

You should be able to obtain a signature guarantee from a bank, broker (including Fidelity Investor Centers), dealer, credit union (if authorized under state law), securities exchange or association, clearing agency, or savings association. A notary public cannot provide a signature guarantee.

SELLING SHARES IN WRITING

Write a "letter of instruction" with:

(bullet) Your name,
(bullet) The fund's name,
(bullet) Your fund account number,
(bullet) The dollar amount or number of shares to be redeemed, and
(bullet) Any other applicable requirements listed in the table at right.

Unless otherwise instructed, Fidelity will send a check to the record address. Deliver your letter to a Fidelity Investor Center, or mail it to:

Fidelity Investments
P.O. Box 660602
Dallas, TX 75266-0602

CHECKWRITING
If you have a checkbook for your account, you may write an unlimited number of checks. Do not, however, try to close out your account by check.
ACCOUNT TYPE SPECIAL REQUIREMENTS

<TABLE>
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IF YOUR ACCOUNT BALANCE IS LESS THAN $50,000, THERE ARE FEES FOR INDIVIDUAL REDEMPTION TRANSACTIONS: $2.00 FOR EACH CHECK YOU WRITE AND $5.00 FOR EACH EXCHANGE, BANK WIRE, AND ACCOUNT CLOSEOUT.

</TABLE>

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<S>	<C>	<C>
PHONE 1-800-544-7777	All account types	(bullet) Maximum check request: $100,000. (bullet) For Money Line transfers to your bank account ; minimum: none; maximum: $100,000. (bullet) You may exchange to other Fidelity funds if both accounts are registered with the same name(s), address, and taxpayer ID number.
MAIL OR IN PERSON	Individual, Joint Tenant, Sole Proprietorship , UGMA, UTMA	(bullet) The letter of instruction must be signed by all persons required to sign for transactions, exactly as their names appear on the account.
	Trust	(bullet) The trustee must sign the letter indicating capacity as trustee. If the trustee's name is not in the account registration, provide a copy of the trust document certified within the last 60 days.
	Business or Organization	(bullet) At least one person authorized by corporate resolution to act on the account must sign the letter. (bullet) Include a corporate resolution with corporate seal or a signature guarantee.
	Executor, Administrator, Conservator, Guardian	(bullet) Call 1-800-544-6666 for instructions.
WIRE	All account types	(bullet) You must sign up for the wire feature before using it. To verify that it is in place, call 1-800-544-6666. Minimum wire: $5,000. (bullet) Your wire redemption request must be received by Fidelity before 4 p.m. Eastern time for money to be wired on the next business day.

</TABLE>

CHECK	All account types	(bullet) Minimum check: $1,000. (bullet) All account owners must sign a signature card to receive a checkbook.

(TDD_GRAPHIC) TDD - SERVICE FOR THE DEAF AND HEARING-IMPAIRED: 1-800-544-0118

INVESTOR SERVICES
Fidelity provides a variety of services to help you manage your account.

INFORMATION SERVICES
FIDELITY'S TELEPHONE REPRESENTATIVES are available 24 hours a day, 365 days a year. Whenever you call, you can speak with someone equipped to provide the information or service you need.

STATEMENTS AND REPORTS that Fidelity sends to you include the following:
(bullet) Confirmation statements (after every transaction, except reinvestments, that affects your account balance or your account registration)
(bullet) Account statements (quarterly)

(bullet) Financial reports (every six months)

24-HOUR SERVICE
ACCOUNT ASSISTANCE
1-800-544-6666
ACCOUNT BALANCES
1-800-544-7544
ACCOUNT TRANSACTIONS
1-800-544-7777
PRODUCT INFORMATION
1-800-544-8888
QUOTES
1-800-544-8544
RETIREMENT ACCOUNT
ASSISTANCE
1-800-544-4774
AUTOMATED SERVICE
(checkmark)
To reduce expenses, only one copy of most financial reports will be mailed to your household, even if you have more than one account in the fund. Call 1-800-544-6666 if you need copies of financial reports or historical account information.
TRANSACTION SERVICES
EXCHANGE PRIVILEGE. You may sell your fund shares and buy shares of other Fidelity funds by telephone or in writing. There may be a $5.00 fee for each exchange out of the fund.
Note that exchanges out of the fund are limited to four per calendar year, and that they may have tax consequences for you. For complete policies and restrictions governing exchanges, including circumstances under which a shareholder's exchange privilege may be suspended or revoked, see page 19.
SYSTEMATIC WITHDRAWAL PLANS let you set up monthly or quarterly redemptions from your account.
FIDELITY MONEY LINE(Registered trademark) enables you to transfer money by phone between your bank account and your fund account. Most transfers are complete within three business days of your call.
REGULAR INVESTMENT PLANS
One easy way to pursue your financial goals is to invest money regularly. Fidelity offers convenient services that let you transfer money into your fund account, or between fund accounts, automatically. While regular investment plans do not guarantee a profit and will not protect you against loss in a declining market, they can be an excellent way to invest for a home, educational expenses, and other long-term financial goals.
REGULAR INVESTMENT PLANS

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FIDELITY AUTOMATIC ACCOUNT BUILDERSM
TO MOVE MONEY FROM YOUR BANK ACCOUNT TO A FIDELITY FUND

MINIMUM	FREQUENCY	SETTING UP OR CHANGING
$500	Monthly or quarterly	(bullet) For a new account, complete the appropriate section on the fund application. (bullet) For existing accounts, call 1-800-544-6666 for an application. (bullet) To change the amount or frequency of your investment, call 1-800-544-6666 at least three business days prior to your next scheduled investment date.

DIRECT DEPOSIT
TO SEND ALL OR A PORTION OF YOUR PAYCHECK OR GOVERNMENT CHECK TO A FIDELITY FUNDA

MINIMUM	FREQUENCY	SETTING UP OR CHANGING
$500	Every pay period	(bullet) Check the appropriate box on the fund application, or call 1-800-544-6666 for an authorization form. (bullet) Changes require a new authorization form.

FIDELITY AUTOMATIC EXCHANGE SERVICE
TO MOVE MONEY FROM A FIDELITY MONEY MARKET FUND TO ANOTHER FIDELITY FUND

MINIMUM	FREQUENCY	SETTING UP OR CHANGING
$500	Monthly, bimonthly, quarterly, or annually	(bullet) To establish, call 1-800-544-6666 after both accounts are opened. (bullet) To change the amount or frequency of your investment, call 1-800-544-6666.

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A BECAUSE ITS SHARE PRICE FLUCTUATES, THE FUND MAY NOT BE AN APPROPRIATE CHOICE FOR DIRECT DEPOSIT OF YOUR ENTIRE CHECK.

</TABLE>

DIVIDENDS, CAPITAL GAINS, AND TAXES

The fund distributes substantially all of its net investment income and capital gains to shareholders each year. Income dividends are declared daily and paid monthly. Capital gains are normally distributed in October and December.

DISTRIBUTION OPTIONS

When you open an account, specify on your application how you want to receive your distributions. If the option you prefer is not listed on the application, call 1-800-544-6666 for instructions. The fund offers four options:

1. REINVESTMENT OPTION. Your dividend and capital gain distributions will be automatically reinvested in additional shares of the fund. If you do not indicate a choice on your application, you will be assigned this option.
2. INCOME-EARNED OPTION. Your capital gain distributions will be automatically reinvested, but you will be sent a check for each dividend distribution.
3. CASH OPTION. You will be sent a check for your dividend and capital gain distributions.
4. DIRECTED DIVIDENDS(Registered trademark) OPTION. Your dividend and capital gain distributions will be automatically invested in another identically registered Fidelity fund.

Dividends will be reinvested at the fund's NAV on the last day of the month. Capital gain distributions will be reinvested at the NAV as of the date the fund deducts the distribution from its share price. The mailing of distribution checks will begin within seven days.

TAXES

UNDERSTANDING DISTRIBUTIONS

As a fund shareholder, you are entitled to your share of the fund's net income and gains on its investments. The fund passes its earnings along to its investors as DISTRIBUTIONS.

Each fund earns interest from its investments. These are passed along as DIVIDEND DISTRIBUTIONS. The fund may realize capital gains if it sells securities for a higher price than it paid for them. These are passed along as CAPITAL GAIN DISTRIBUTIONS.

(checkmark)

As with any investment, you should consider how an investment in a tax-free fund could affect you. Below are some of the fund's tax implications.

TAXES ON DISTRIBUTIONS. Interest income that the fund earns is distributed to shareholders as income dividends. Interest that is federally tax-free remains tax-free when it is distributed.

However, gain on the sale of tax-free bonds results in taxable distributions. Short-term capital gains and a portion of the gain on bonds purchased at a discount are taxed as dividends. Long-term capital gain distributions are taxed as long-term capital gains. These distributions are taxable when they are paid, whether you take them in cash or reinvest them. However, distributions declared in December and paid in January are taxable as if they were paid on December 31. Fidelity will send you and the IRS a statement showing the tax status of the distributions paid to you in the previous year.

The interest from some municipal securities is subject to the federal alternative minimum tax. The fund may invest up to 100% of its assets in these securities. Individuals who are subject to the tax must report this interest on their tax returns.

To the extent the fund's income dividends are derived from state tax-free investments, they will be free from New York state and city income taxes.

TAXES ON TRANSACTIONS. Your redemptions - including exchanges to other Fidelity funds - are subject to capital gains tax. A capital gain or loss is the difference between the cost of your shares and the price you receive when you sell them.

Whenever you sell shares of the fund, Fidelity will send you a confirmation statement showing how many shares you sold and at what price. You will also receive a consolidated transaction statement every January. However, it is up to you or your tax preparer to determine whether this sale resulted in a capital gain and, if so, the amount of tax to be paid. Be sure to keep your regular account statements; the information they contain will be essential

in calculating the amount of your capital gains.
"BUYING A DIVIDEND." If you buy shares just before the fund deducts a capital gain distribution from its NAV, you will pay the full price for the shares and then receive a portion of the price back in the form of a taxable distribution.

SHAREHOLDER AND ACCOUNT POLICIES

TRANSACTION DETAILS

THE FUND IS OPEN FOR BUSINESS each day the New York Stock Exchange (NYSE) is open. Fidelity normally calculates the fund's NAV as of the close of business of the NYSE, normally 4 p.m. Eastern time.

THE FUND'S NAV is the value of a single share. The NAV is computed by adding up the value of the fund's investments, cash, and other assets, subtracting its liabilities, and then dividing the result by the number of shares outstanding.

The fund's assets are valued primarily on the basis of market quotations, if available. Since market quotations are often unavailable, assets are usually valued by a method that the Board of Trustees believes accurately reflects fair value.

THE FUND'S OFFERING PRICE (price to buy one share) and the REDEMPTION PRICE (price to sell one share) are its NAV.

WHEN YOU SIGN YOUR ACCOUNT APPLICATION, you will be asked to certify that your Social Security or taxpayer identification number is correct and that you are not subject to 31% backup withholding for failing to report income to the IRS. If you violate IRS regulations, the IRS can require the fund to withhold 31% of your taxable distributions and redemptions.

YOU MAY INITIATE MANY TRANSACTIONS BY TELEPHONE. Note that Fidelity will not be responsible for any losses resulting from unauthorized transactions if it follows reasonable procedures designed to verify the identity of the caller. Fidelity will request personalized security codes or other information, and may also record calls. You should verify the accuracy of your confirmation statements immediately after you receive them. If you do not want the ability to redeem and exchange by telephone, call Fidelity for instructions.

IF YOU ARE UNABLE TO REACH FIDELITY BY PHONE (for example, during periods of unusual market activity), consider placing your order by mail or by visiting a Fidelity Investor Center.

THE FUND RESERVES THE RIGHT TO SUSPEND THE OFFERING OF SHARES for a period of time. The fund also reserves the right to reject any specific purchase order, including certain purchases by exchange. See "Exchange Restrictions" on page 17. Purchase orders may be refused if, in FMR's opinion, they are of a size that would disrupt management of the fund.

WHEN YOU PLACE AN ORDER TO BUY SHARES, your order will be processed at the next offering price calculated after your order is received and accepted. Note the following:

- (bullet) All of your purchases must be made in U.S. dollars and checks must be drawn on U.S. banks.
- (bullet) Fidelity does not accept cash.
- (bullet) When making a purchase with more than one check, each check must have a value of at least $50.
- (bullet) The fund reserves the right to limit the number of checks processed at one time.
- (bullet) If your check does not clear, your purchase will be cancelled and you could be liable for any losses or fees the fund or its transfer agent has incurred.
- (bullet) The fund reserves the right to limit all accounts maintained or controlled by any one person to a maximum total balance of $2 million.
- (bullet) You begin to earn dividends as of the first business day following the day of your purchase.

TO AVOID THE COLLECTION PERIOD associated with check and Money Line purchases, consider buying shares by bank wire, U.S. Postal money order, U.S. Treasury check, Federal Reserve check, or direct deposit instead.

YOU MAY BUY OR SELL SHARES OF THE FUND THROUGH A BROKER, who may charge you a fee for this service. If you invest through a broker or other institution, read its program materials for any additional service features or fees that may apply.

CERTAIN FINANCIAL INSTITUTIONS that have entered into sales agreements with Fidelity Distributors Corporation (FDC) may enter confirmed purchase orders on behalf of customers by phone, with payment to follow no later than the time when the fund is priced on the following business day. If payment is not received by that time, the financial institution could be held liable for resulting fees or losses.

WHEN YOU PLACE AN ORDER TO SELL SHARES, your shares will be sold at the next NAV calculated after your request is received and accepted. Note the following:

- (bullet) Normally, redemption proceeds will be mailed to you on the next business day, but if making immediate payment could adversely affect the fund, it may take up to seven days to pay you.
- (bullet) Shares will earn dividends through the date of redemption; however, shares redeemed on a Friday or prior to a holiday will continue to earn dividends until the next business day.
- (bullet) Fidelity Money Line redemptions generally will be credited to your bank account on the second or third business day after your phone call.

(bullet) The fund may hold payment on redemptions until it is reasonably satisfied that investments made by check or Fidelity Money Line have been collected, which can take up to seven business days.
(bullet) Redemptions may be suspended or payment dates postponed when the NYSE is closed (other than weekends or holidays), when trading on the NYSE is restricted, or as permitted by the SEC.
(bullet) If you sell shares by writing a check and the amount of the check is greater than the value of your account, your check will be returned to you and you may be subject to additional charges.
THE FEES FOR INDIVIDUAL TRANSACTIONS are waived if your account balance at the time of the transaction is $50,000 or more. Otherwise, you should note the following:
(bullet) The $2.00 checkwriting charge will be deducted from your account.
(bullet) The $5.00 exchange fee will be deducted from the amount of your exchange.
(bullet) The $5.00 wire fee will be deducted from the amount of your wire .
(bullet) The $5 . 00 account closeout fee does not apply to exchanges or wires, but it will apply to checkwriting.
IF YOUR ACCOUNT BALANCE FALLS BELOW $5,000, you will be given 30 days' notice to reestablish the minimum balance. If you do not increase your balance, Fidelity reserves the right to close your account and send the proceeds to you. Your shares will be redeemed at the NAV on the day your account is closed and the $5.00 account closeout fee will be charged.
FIDELITY MAY CHARGE A FEE FOR SPECIAL SERVICES, such as providing historical account documents, that are beyond the normal scope of its services.
EXCHANGE RESTRICTIONS
As a shareholder, you have the privilege of exchanging shares of the fund for shares of other Fidelity funds. However, you should note the following:
(bullet) The fund you are exchanging into must be registered for sale in your state.
(bullet) You may only exchange between accounts that are registered in the same name, address, and taxpayer identification number.
(bullet) Before exchanging into a fund, read its prospectus.
(bullet) If you exchange into a fund with a sales charge, you pay the percentage-point difference between that fund's sales charge and any sales charge you have previously paid in connection with the shares you are exchanging. For example, if you had already paid a sales charge of 2% on your shares and you exchange them into a fund with a 3% sales charge, you would pay an additional 1% sales charge.
(bullet) Exchanges may have tax consequences for you.
(bullet) Because excessive trading can hurt fund performance and shareholders, the fund reserves the right to temporarily or permanently terminate the exchange privilege of any investor who makes more than four exchanges out of the fund per calendar year. Accounts under common ownership or control, including accounts with the same taxpayer identification number, will be counted together for purposes of the four exchange limit.
(bullet) The fund reserves the right to refuse exchange purchases by any person or group if, in FMR's judgment, the fund would be unable to invest the money effectively in accordance with its investment objective and policies, or would otherwise potentially be adversely affected.
(bullet) Your exchanges may be restricted or refused if the fund receives or anticipates simultaneous orders affecting significant portions of the fund's assets. In particular, a pattern of exchanges that coincide with a "market timing" strategy may be disruptive to the fund.
Although the fund will attempt to give you prior notice whenever it is reasonably able to do so, it may impose these restrictions at any time. The fund reserves the right to terminate or modify the exchange privilege in the future.
OTHER FUNDS MAY HAVE DIFFERENT EXCHANGE RESTRICTIONS, and may impose administrative fees of up to $7.50 and redemption fees of up to 1.50% on exchanges. Check each fund's prospectus for details.
<
r>THE FUND IN DETAIL</r>

CHARTER
SPARTAN NEW YORK INTERMEDIATE MUNICIPAL IS A MUTUAL FUND: an investment that pools shareholders' money and invests it toward a specified goal. In technical terms, the fund is currently a non-diversified fund of Fidelity New York Municipal Trust, an open-end management investment company organized as a Massachusetts business trust on April 25, 1983.
THE FUND IS GOVERNED BY A BOARD OF TRUSTEES, which is responsible for protecting the interests of shareholders. The trustees are experienced executives who meet throughout the year to oversee the fund's activities, review contractual arrangements with companies that provide services to the fund, and review performance. The majority of trustees are not otherwise affiliated with Fidelity.
THE FUND MAY HOLD SPECIAL MEETINGS AND MAIL PROXY MATERIALS. These meetings may be called to elect or remove trustees, change fundamental policies, approve a management contract, or for other purposes. Shareholders not attending these meetings are encouraged to vote by proxy. Fidelity will

mail proxy materials in advance, including a voting card and information about the proposals to be voted on. You are entitled to one vote for each share you own.

FMR AND ITS AFFILIATES

The fund is managed by FMR, which chooses the fund's investments and handles its business affairs.

David Murphy is manager of Spartan New York Intermediate Municipal which he has managed since it commenced operations on December 22, 1993. Mr. Murphy also manages Limited Term Municipals, Spartan Short-Intermediate Municipal, New York Tax-Free Insured, Spartan Intermediate Municipal and Spartan New Jersey Municipal High Yield. Before joining Fidelity in 1989, he managed municipal bond funds at Scudder, Stevens & Clark.

FDC distributes and markets Fidelity's funds and services. Fidelity Service Co. (FSC) performs transfer agent servicing functions for the fund.

FIDELITY FACTS

Fidelity offers the broadest selection of mutual funds in the world.

(bullet) Number of Fidelity mutual funds: over 200

(bullet) Assets in Fidelity mutual funds: over $200 billion

(bullet) Number of shareholder accounts: over 14 million

(bullet) Number of investment analysts and portfolio managers: over 200

(checkmark)

FMR Corp. is the parent company of these organizations. Through ownership of voting common stock, Edward C. Johnson 3d (President and a trustee of the trust), Johnson family members, and various trusts for the benefit of the Johnson family form a controlling group with respect to FMR Corp.

United Missouri Bank, N.A., is the fund's transfer agent, although it employs FSC to perform these functions for the fund. It is located at 1010 Grand Avenue, Kansas City, Missouri.

To carry out the fund's transactions, FMR may use its broker-dealer affiliates and other firms that sell fund shares, provided that the fund receives services and commission rates comparable to those of other broker-dealers.

BREAKDOWN OF EXPENSES

Like all mutual funds, the fund pays fees related to its daily operations. Expenses paid out of the fund's assets are reflected in its share price or dividends; they are neither billed directly to shareholders nor deducted from shareholder accounts.

The fund pays a MANAGEMENT FEE to FMR for managing its investments and business affairs.

FMR may, from time to time, agree to reimburse the fund for management fees and other expenses above a specified limit. FMR retains the ability to be repaid by the fund if expenses fall below the specified limit prior to the end of the fiscal year. Reimbursement arrangements, which may be terminated at any time without notice, can decrease the fund's expenses and boost its performance.

MANAGEMENT FEE

The management fee is calculated and paid to FMR every month. The fund pays the fee at the annual rate of .55% of its average net assets.

FSC performs many transaction and accounting functions for the fund. These services include processing shareholder transactions and calculating the fund's share price. FMR, and not the fund, pays for these services.

To offset shareholder service costs, FMR or its affiliates collect the fund's $5.00 exchange fee, $5.00 account closeout fee, $5.00 fee for wire purchases and redemptions, and the $2.00 checkwriting charge.

The fund has adopted a Distribution and Service Plan. This plan recognizes that FMR may use its resources, including management fees, to pay expenses associated with the sale of fund shares. This may include payments to third parties, such as banks or broker-dealers, that provide shareholder support services or engage in the sale of the fund's shares. It is important to note, however, that the fund does not pay FMR any separate fees for this service.

The fund's portfolio turnover rate for fiscal 1994 is estimated to not exceed 100%. This rate varies from year to year.

INVESTMENT PRINCIPLES

THE FUND SEEKS HIGH CURRENT INCOME that is exempt from federal income tax and from New York state and city income taxes. FMR normally invests at least 65% of the fund's total assets in New York municipal securities, and normally invests at least 80% of the fund's assets in municipal securities whose interest is free from federal income tax.

If you are subject to the federal alternative minimum tax, you should note that the fund may invest all of its assets in municipal securities issued to finance private activities. The interest from these investments is a tax-preference item for purposes of the tax.

The fund's level of risk and potential reward depend on the quality and maturity of its investments. The fund invests mainly in investment - grade quality municipal bonds, although it may also invest in lower-quality bonds. The fund's dollar - weighted average maturity will normally range from three to 10 years. Typically, lower-quality, longer-term investments carry more risk and higher yield potential.

The fund's yield and share price will change based on changes in interest rates. In general, bond prices rise when interest rates fall, and vice versa. FMR may use various investment techniques to hedge the fund's risks, but there is no guarantee that these strategies will work as intended. When you sell your shares, they may be worth more or less than what you paid for them.

The fund's performance is also closely tied to the economic and political conditions within the state of New York. Both the city and state of New York have recently experienced significant financial difficulties, and the state's credit standing is one of the lowest in the country. It is not currently possible to determine the impact of these factors on the ability of New York issuers to meet their obligations.

FMR normally invests the fund's assets according to its investment strategy and does not expect to invest in federally or state tax able obligations. When FMR considers it appropriate, however, it may temporarily invest substantially in cash that is not earning interest or in short-term instruments, or may invest more than normally permitted in taxable obligations.

SECURITIES AND INVESTMENT PRACTICES

The following pages contain more detailed information about types of instruments in which the fund may invest, and strategies FMR may employ in pursuit of the fund's investment objective. A summary of risks and restrictions associated with these instrument types and investment practices is included as well. Policies and limitations are considered at the time of purchase; the sale of instruments is not required in the event of a subsequent change in circumstances.

FMR may not buy all of these instruments or use all of these techniques to the full extent permitted unless it believes that doing so will help the fund achieve its goal. As a shareholder, you will receive financial reports every six months detailing fund holdings and describing recent investment activities.

DEBT SECURITIES. Bonds and other debt instruments are used by issuers to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest, and must repay the amount borrowed at maturity. Some debt securities, such as zero coupon bonds, do not pay current interest, but are purchased at a discount from their face values. Debt securities have varying degrees of quality and varying levels of sensitivity to changes in interest rates. Longer-term bonds are generally more sensitive to interest rate changes than short-term bonds.

Investment-grade debt securities are medium- to high-quality securities. Some, however, may possess speculative characteristics and may be more sensitive to economic changes and changes in the financial condition of issuers.

RESTRICTIONS: The fund may not invest more than 40% of its total assets in securities rated below A by Moody's Investors Service, Inc. or Standard & Poor's Corporation, and unrated securities judged by FMR to be of equivalent quality. The fund does not intend to invest more than 5% of its assets in securities rated Ba/BB or lower, and unrated securities of equivalent quality.

MUNICIPAL SECURITIES are issued to raise money for a variety of public purposes, including general financing for state and local governments, or financing for specific projects or public facilities. Municipal securities may be issued in anticipation of future revenues, and may be backed by the full taxing power of a municipality, the revenues from a specific project, or the credit of a private organization. A security's credit may be enhanced by a bank, insurance company, or other financial institution. The fund may own a municipal security directly or may own one through a participation interest.

NEW YORK MUNICIPAL SECURITIES include obligations issued by the state of New York or its counties, municipalities, authorities, or other subdivisions. The ability of issuers to repay their debt can be affected by many factors that impact the economic vitality of either the state or a region within the state.

Other securities that provide state tax-free income include general obligations of U.S. territories and possessions such as Guam, the Virgin Islands, and Puerto Rico, and their political subdivisions and public corporations. The economy of Puerto Rico is closely linked to the U.S. economy, and will depend on the strength of the U.S. dollar, interest rates, the price stability of oil imports, and the continued existence of favorable tax incentives. Recent legislation reduced these incentives, but it is impossible to predict what impact the changes will have.

MUNICIPAL LEASE OBLIGATIONS are used by municipalities to acquire land, equipment, or facilities. If the municipality stops making payments or transfers its obligations to a private entity, the obligation could lose value or become taxable.

PRIVATE ENTITIES may be involved in some municipal securities. For example, industrial revenue bonds are backed by private entities, and resource recovery bonds often involve private corporations. The viability of a project or tax incentives could affect the value and credit quality of these securities.

ASSET-BACKED SECURITIES may include pools of purchase contracts, financing leases, or sales agreements entered into by municipalities. These securities usually rely on continued payments by a municipality, and may

also be subject to prepayment risk.
VARIABLE AND FLOATING-RATE INSTRUMENTS may have interest rates that move in tandem with a benchmark, helping to stabilize their prices. Inverse floaters have interest rates that move in the opposite direction from the benchmark, making the instrument's market value more volatile.
PUT FEATURES entitle the holder to put (sell back) an instrument to the issuer or a financial intermediary. In exchange for this benefit, the fund may pay periodic fees or accept a lower interest rate. Demand features and standby commitments are types of put features.
ADJUSTING INVESTMENT EXPOSURE. The fund can use various techniques to increase or decrease its exposure to changing security prices, interest rates, or other factors that affect security values. These techniques may involve derivative transactions such as buying and selling options and futures contracts and purchasing indexed securities.
FMR can use these practices to adjust the risk and return characteristics of the fund's portfolio of investments. If FMR judges market conditions incorrectly or employs a strategy that does not correlate well with the fund's investments, these techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These techniques may increase the volatility of the fund and may involve a small investment of cash relative to the magnitude of the risk assumed. In addition, these techniques could result in a loss if the counterparty to the transaction does not perform as promised.
WHEN-ISSUED AND DELAYED-DELIVERY TRANSACTIONS are trading practices in which payment and delivery for the securities take place at a future date. The market value of a security could change during this period, which could affect the fund's yield.
ILLIQUID AND RESTRICTED SECURITIES. Some investments may be determined by FMR, under the supervision of the Board of Trustees, to be illiquid, which means that they may be difficult to sell promptly at an acceptable price. The sale of other securities may be subject to legal restrictions. Difficulty in selling securities may result in a loss or may be costly to the fund.
RESTRICTIONS: The fund may not purchase a security if, as a result, more than 10% of its assets would be invested in illiquid securities.
DIVERSIFICATION. Diversifying a fund's investment portfolio can reduce the risks of investing. This may include limiting the amount of money invested in any one issuer or, on a broader scale, in any one industry or type of project. Economic, business, or political changes can affect all securities of a similar type. A fund that is not diversified may be more sensitive to these changes, and also to changes in the market value of a single issuer or industry.
RESTRICTIONS: The fund is considered non-diversified. With respect to 50% of total assets, the fund may not invest more than 5% of its total assets in any one issuer. The fund may not invest more than 25% of its total assets in any one issuer. These limitations do not apply to U.S. government securities. The fund may invest more than 25% of its total assets in tax-free securities that finance similar types of projects.
BORROWING. The fund may borrow from banks or from other funds advised by FMR, or through reverse repurchase agreements. If the fund borrows money, its share price may be subject to greater fluctuation until the borrowing is paid off. If the fund makes additional investments while borrowings are outstanding, this may be considered a form of leverage.
RESTRICTIONS: The fund may borrow only for temporary or emergency purposes , but not in an amount exceeding 33% of its total assets.
FUNDAMENTAL INVESTMENT POLICIES AND RESTRICTIONS
Some of the policies and restrictions discussed on the preceding pages are fundamental, that is, subject to change only by shareholder approval. The following paragraph restates all those that are fundamental. All policies stated throughout this prospectus, other than those identified in the following paragraph, can be changed without shareholder approval.
The fund seeks a high level of current income exempt from federal income tax and New York state and city income taxes. Under normal conditions, the fund will invest at least 80% of its assets in municipal securities whose interest is free from federal income tax. The fund may borrow only for temporary or emergency purposes, but not in an amount exceeding 33% of its total assets.

This prospectus is printed on recycled paper using soy-based inks.
SPARTAN(registered trademark) NEW YORK INTERMEDIATE MUNICIPAL PORTFOLIO
A FUND OF FIDELITY NEW YORK MUNICIPAL TRUST
STATEMENT OF ADDITIONAL INFORMATION
DECEMBER 22, 1993
This Statement is not a prospectus but should be read in conjunction with the fund's current Prospectus (dated December 22, 1993). Please retain this document for future reference. To obtain an additional copy of the Prospectus , please call Fidelity Distributors Corporation at 1-800-544-8888.

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INVESTMENT ADVISER
Fidelity Management & Research Company (FMR)
DISTRIBUTOR
Fidelity Distributors Corporation (FDC)
TRANSFER AGENT
United Missouri Bank, N.A. (United Missouri) and Fidelity Service Co. (FSC)
SNI-ptb-1293

INVESTMENT POLICIES AND LIMITATIONS

The following policies and limitations supplement those set forth in the Prospectus. Unless otherwise noted, whenever an investment policy or limitation states a maximum percentage of the fund's assets that may be invested in any security or other asset, or sets forth a policy regarding quality standards, such standard or percentage limitation will be determined immediately after and as a result of the fund's acquisition of such security or other asset. Accordingly, any subsequent change in values, net assets, or other circumstances will not be considered when determining whether the investment complies with the fund's investment policies and limitations.

The fund's fundamental investment policies and limitations cannot be changed without approval by a "majority of the outstanding voting securities" (as defined in the Investment Company Act of 1940) of the fund. However, except for the fundamental investment limitations set forth below, the investment policies and limitations described in this Statement of Additional Information are not fundamental and may be changed without shareholder approval. THE FOLLOWING ARE THE FUND'S FUNDAMENTAL INVESTMENT LIMITATIONS SET FORTH IN THEIR ENTIRETY. THE FUND MAY NOT:

(1) issue senior securities, except as permitted under the Investment Company Act of 1940;

(2) borrow money, except that the fund may borrow money for temporary or emergency purposes (not for leveraging or investment) in an amount not exceeding 33 1/3% of its total assets (including the amount borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed this amount will be reduced within three days (not including Sundays and holidays) to the extent necessary to comply with the 33 1/3% limitation;

(3) underwrite securities issued by others, except to the extent that the fund may be considered an underwriter within the meaning of the Securities Act of 1933 in the disposition of restricted securities;

(4) purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities, or tax-exempt obligations issued or guaranteed by a U.S. territory or possession or a state or local government, or a political subdivision of any of the foregoing) if, as a result, more than 25% of the fund's total assets would be invested in securities of companies whose principal business activities are in the same industry;

(5) purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the fund from investing in securities or other instruments backed by real estate or securities of companies engaged in the real estate business);

(6) purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the fund from purchasing or selling options and futures contracts or from investing in securities or other instruments backed by physical commodities); or

(7) lend any security or make any other loan if, as a result, more than 33 1/3% of its total assets would be lent to other parties, but this limitation does not apply to purchases of debt securities or to repurchase agreements.

(8) The fund may, notwithstanding any other fundamental investment policy or limitation, invest all of its assets in the securities of a single

open-end management investment company with substantially the same fundamental investment objectives, policies, and limitations as the fund

THE FOLLOWING INVESTMENT LIMITATIONS ARE NOT FUNDAMENTAL AND MAY BE CHANGED WITHOUT SHAREHOLDER APPROVAL.

(i) To meet federal tax requirements for qualification as a "regulated investment company," the fund limits its investments so that at the close of each quarter of its taxable year: (a) with regard to at least 50% of total assets, no more than 5% of total assets are invested in the securities of a single issuer, and (b) no more than 25% of total assets are invested in the securities of a single issuer. Limitations (a) and (b) do not apply to "government securities" as defined for federal tax purposes.

(ii) The fund does not currently intend to sell securities short, unless it owns or has the right to obtain securities equivalent in kind and amount to the securities sold short, and provided that transactions in futures contracts and options are not deemed to constitute selling securities short.

(iii) The fund does not currently intend to purchase securities on margin, except that the fund may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(iv) The fund may borrow money only (a) from a bank or from a registered investment company or portfolio for which FMR or an affiliate serves as investment adviser or (b) by engaging in reverse repurchase agreements with any party (reverse repurchase agreements are treated as borrowings for purposes of fundamental investment limitation (2)). The fund will not purchase any security while borrowings representing more than 5% of its total assets are outstanding. The fund will not borrow from other funds advised by FMR or its affiliates if total outstanding borrowings immediately after such borrowing would exceed 15% of the fund's total assets.

(v) The fund does not currently intend to purchase any security if, as a result, more than 10% of its net assets would be invested in securities that are deemed to be illiquid because they are subject to legal or contractual restrictions on resale or because they cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued.

(vi) The fund does not currently intend to invest more than 25% of its total assets in industrial revenue bonds related to a single industry.

(vii) The fund does not currently intend to engage in repurchase agreements or make loans, but this limitation does not apply to purchases of debt securities.

(viii) The fund does not currently intend to (a) purchase securities of other investment companies, except in the open market where no commission except the ordinary broker's commission is paid, or (b) purchase or retain securities issued by other open-end investment companies. Limitations (a) and (b) do not apply to securities received as dividends, through offers of exchange, or as a result of a reorganization, consolidation, or merger.

(ix) The fund does not currently intend to invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objectives, policies, and limitations as the fund.

For purposes of limitations (4) and (i), FMR identifies the issuer of a security depending on its terms and conditions. In identifying the issuer, FMR will consider the entity or entities responsible for payment of interest and repayment of principal and the source of such payments; the way in which assets and revenues of an issuing political subdivision are separated from those of other political entities; and whether a governmental body is guaranteeing the security.

For the fund's limitations on futures and options transactions, see the section entitled "Limitations on Futures and Options Transactions" beginning on page 6 .

AFFILIATED BANK TRANSACTIONS. Pursuant to exemptive orders issued by the Securities and Exchange Commission (SEC), the fund may engage in transactions with banks that are, or may be considered to be, "affiliated persons" of the fund under the Investment Company Act of 1940. Such transactions may be entered into only pursuant to procedures established and periodically reviewed by the Board of Trustees. These transactions may include repurchase agreements with custodian banks; purchases, as principal, of short-term obligations of, and repurchase agreements with, the 50 largest U.S. banks (measured by deposits); transactions in municipal securities; and transactions in U.S. government securities with affiliated banks that are primary dealers in these securities.

DELAYED-DELIVERY TRANSACTIONS. The fund may buy and sell securities on a delayed-delivery or when-issued basis. These transactions involve a commitment by the fund to purchase or sell specific securities at a predetermined price or yield, with payment and delivery taking place after the customary settlement period for that type of security (and more than seven days in the future). Typically, no interest accrues to the purchaser until the security is delivered. The fund may receive fees for entering into delayed-delivery transactions.

When purchasing securities on a delayed-delivery basis, the fund assumes the rights and risks of ownership, including the risk of price and yield fluctuations. Because the fund is not required to pay for securities until the delivery date, these risks are in addition to the risks associated with the fund's other investments. If the fund remains substantially fully invested at a time when delayed-delivery purchases are outstanding, the delayed-delivery purchases may result in a form of leverage. When delayed-delivery purchases are outstanding, the fund will set aside appropriate liquid assets in a segregated custodial account to cover its purchase obligations. When the fund has sold a security on a delayed-delivery basis, the fund does not participate in further gains or losses with respect to the security. If the other party to a delayed-delivery transaction fails to deliver or pay for the securities, the fund could miss a favorable price or yield opportunity, or could suffer a loss.

The fund may renegotiate delayed-delivery transactions after they are entered into, and may sell underlying securities before they are delivered, which may result in capital gains or losses.

INTERFUND BORROWING PROGRAM. The fund has received permission from the SEC to lend money to and borrow money from other funds advised by FMR or its affiliates,but will participate in the interfund borrowing program only as a borrower. Interfund loans normally will extend overnight, but can have a maximum duration of seven days. The fund will borrow through the program only when the costs are equal to or lower than the cost of bank loans. Loans may be called on one day's notice, and the fund may have to borrow from a bank at a higher interest rate if an interfund loan is called or not renewed.

REFUNDING CONTRACTS. The fund may purchase securities on a when-issued basis in connection with the refinancing of an issuer's outstanding indebtedness. Refunding contracts require the issuer to sell and the fund to buy refunded municipal obligations at a stated price and yield on a settlement date that may be several months or several years in the future. The fund generally will not be obligated to pay the full purchase price if it fails to perform under a refunding contract. Instead, refunding contracts generally provide for payment of liquidated damages to the issuer (currently 15-20% of the purchase price). The fund may secure its obligations under a refunding contract by depositing collateral or a letter of credit equal to the liquidated damages provisions of the refunding contract. When required by SEC guidelines, the fund will place liquid assets in a segregated custodial account equal in amount to its obligations under refunding contracts.

VARIABLE AND FLOATING RATE DEMAND OBLIGATIONS.(VRDOs/FRDOs) are tax-exempt obligations that bear variable or floating interest rates and carry rights that permit holders to demand payment of the unpaid principal balance plus accrued interest from the issuers or certain financial intermediaries. Floating-rate securities have interest rates that change whenever there is a change in a designated base rate while variable-rate instruments provide for a specified periodic adjustment in the interest rate. These formulas are designed to result in a market value for the VRDO or FRDO that approximates its par value.

The fund may invest in fixed-rate bonds that are subject to third party puts and in participation interests in such bonds held by a bank in trust or otherwise. These bonds and participation interests have tender options or demand features that permit the fund to tender (or put) their bonds to an institution at periodic intervals and to receive the principal amount thereof. The fund consider variable-rate instruments structured in this way (Participating VRDOs) to be essentially equivalent to other VRDOs they purchase. The IRS has not ruled whether the interest on Participating VRDOs is tax-exempt and, accordingly, the fund intends to purchase these instruments based on opinions of bond counsel.

TENDER OPTION BONDS are created by coupling an intermediate- or long-term, fixed-rate, tax-exempt bond (generally held pursuant to a custodial arrangement) with a tender agreement that gives the holder the option to tender the bond at its face value. As consideration for providing the tender option, the sponsor (usually a bank, broker-dealer, or other financial institution) receives periodic fees equal to the difference between the bond's fixed coupon rate and the rate (determined by a remarketing or similar agent) that would cause the bond, coupled with the tender option, to trade at par on the date of such determination. After payment of the tender option fee, the fund effectively holds a demand obligation that bears interest at the prevailing short-term tax-exempt rate. In selecting tender option bonds for the fund, FMR will consider the creditworthiness of the issuer of the underlying bond, the custodian, and the third party provider of the tender option. In certain instances, a sponsor may terminate a tender option if, for example, the issuer of the underlying bond defaults on interest payments.

ZERO COUPON BONDS. The fund may purchase units of beneficial interest in pools of purchase contracts, financing leases, and sales agreements entered into by municipalities. These municipal obligations may be created when a municipality enters into an installment purchase contract or lease with a vendor and may be secured by the assets purchased or leased by the municipality. However, except in a very limited circumstances, there will be no recourse against the vendor if the municipality stops making payments. The market for tax-exempt asset-backed securities is still relatively new. These obligations are more likely to involve unscheduled prepayments of principal.

STANDBY COMMITMENTS are puts that entitle holders to same-day settlement at an exercise price equal to the amortized cost of the underlying security plus accrued interest, if any, at the time of exercise. The fund may acquire standby commitments to enhance the liquidity of portfolio securities, but only when the issuers of the commitments present minimal risk of default.

Ordinarily the fund will not transfer a standby commitment to a third party, although it could sell the underlying municipal security to a third party at any time. The fund may purchase standby commitments separate from or in conjunction with the purchase of securities subject to such commitments. In the latter case, the fund would pay a higher price for the securities acquired, thus reducing their yield to maturity. Standby commitments will not affect the dollar-weighted average maturity of the fund, or the valuation of the securities underlying the commitments.

Issuers or financial intermediaries may obtain letters of credit or other guarantees to support their ability to buy securities on demand. FMR may rely upon its evaluation of a bank's credit in determining whether to support an instrument supported by a letter of credit. In evaluating a foreign bank's credit, FMR will consider whether adequate public information about the bank is available and whether the bank may be subject to unfavorable political or economic developments, currency controls, or other governmental restrictions that might affect the bank's ability to honor its credit commitment.

Standby commitments are subject to certain risks, including the ability of issuers of standby commitments to pay for securities at the time the commitments are exercised; the fact that standby commitments are not marketable by the fund; and the possibility that the maturities of the underlying securities may be different from those of the commitments.

MUNICIPAL LEASE OBLIGATIONS. The fund may invest a portion of its assets in municipal leases and participation interests therein. These obligations, which may take the form of a lease, an installment purchase, or a conditional sale contract, are issued by state and local governments and authorities to acquire land and a wide variety of equipment and facilities. Generally, the fund will not hold such obligations directly as a lessor of the property, but will purchase a participation interest in a municipal obligation from a bank or other third party. A participation interest gives the fund a specified, undivided interest in the obligation in proportion to its purchased interest in the total amount of the obligation.

Municipal leases frequently have risks distinct from those associated with general obligation or revenue bonds. State constitutions and statutes set forth requirements that states or municipalities must meet to incur debt. These may include voter referenda, interest rate limits, or public sale requirements. Leases, installment purchases, or conditional sale contracts (which normally provide for title to the leased asset to pass to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting their constitutional and statutory requirements for the issuance of debt. Many leases and contracts include "non-appropriation clauses" providing that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for such purposes by the appropriate legislative body on a yearly or other periodic basis. Non-appropriation clauses free the issuer from debt issuance limitations.

FEDERALLY TAXABLE OBLIGATIONS. The fund does not intend to invest in securities whose interest is federally taxable; however, from time to time, the fund may invest a portion of its assets on a temporary basis in fixed-income obligations whose interest is subject to federal income tax. For example, [the / each] fund may invest in obligations whose interest is federally taxable pending the investment or reinvestment in municipal securities of proceeds from the sale of its shares or sales of portfolio securities.

Should the fund invest in federally taxable obligations, it would purchase securities that in FMR's judgment are of high quality. These would include obligations issued or guaranteed by the U.S. government or its agencies or instrumentalities; obligations of domestic banks; and repurchase agreements. The funds standards for high-quality, taxable obligations are essentially the same as those described by Moody's Investors Service, Inc. (Moody's) in rating corporate obligations within its two highest ratings of Prime-1 and Prime-2, and those described by Standard & Poor's Corporation (S&P) in rating corporate obligations within its two highest ratings of A-1 and A-2.

Proposals to restrict or eliminate the federal income tax exemption for interest on municipal obligations are introduced before Congress from time to time. Proposals also may be introduced before the New York legislature that would affect the state tax treatment of the funds' distributions. If such proposals were enacted, the availability of municipal obligations and the value of the [fund's / funds'] holdings would be affected and the Trustees would reevaluate the funds' investment objectives and policies.

The fund anticipates being as fully invested as practicable in municipal securities; however, there may be occasions when, as a result of maturities of portfolio securities, sales of fund shares, or in order to meet redemption requests, the fund may hold cash that is not earning income. In addition, there may be occasions when, in order to raise cash to meet redemptions, the fund may be required to sell securities at a loss.

ILLIQUID INVESTMENTS are investments that cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued. Under the supervision of the Board of Trustees, FMR determines the liquidity of the fund's investments and, through reports from FMR, the Board monitors investments in illiquid instruments. In determining the liquidity of the fund's investments, FMR may consider various factors, including (1) the frequency of trades and quotations, (2) the number of dealers and prospective purchasers in the marketplace, (3) dealer undertakings to make a market, (4) the nature of the security (including any demand or tender features), and (5) the nature of the marketplace for trades (including the ability to assign or offset the fund's rights and obligations relating to the investment). Investments currently considered by the fund to be illiquid include over-the-counter options. Also, FMR may determine some restricted securities and municipal lease obligations to be illiquid. However, with respect to over-the-counter options the fund writes, all or a portion of the value of the underlying instrument may be illiquid depending on the assets held to cover the option and the nature and terms of any agreement the fund may have to close out the option before expiration. In the absence of market quotations, illiquid investments are priced at fair value as determined in good faith by a committee appointed by the Board of Trustees. If through a change in values, net assets, or other circumstances, the fund were in a position where more than 10% of its net assets were invested in illiquid securities, it would seek to take appropriate steps to protect liquidity.

RESTRICTED SECURITIES generally can be sold in privately negotiated transactions, pursuant to an exemption from registration under the Securities Act of 1933, or in a registered public offering. Where registration is required, the fund may be obligated to pay all or part of the registration expense and a considerable period may elapse between the time it decides to seek registration and the time the fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the fund might obtain a less favorable price than prevailed when it decided to seek registration of the security.

LOWER-RATED MUNICIPAL SECURITIES. The fund may invest a portion of its assets in lower-rated municipal securities as described in the Prospectus. While the market for New York municipals is considered to be adequate, adverse publicity and changing investor perceptions may affect the ability of outside pricing services used by the fund to value its portfolio securities, and the fund's ability to dispose of lower-rated bonds. The outside pricing services are monitored by FMR and reported to the Board to determine whether the services are furnishing prices that accurately reflect fair value. The impact of changing investor perceptions may be especially pronounced in markets where municipal securities are thinly traded.

The fund may choose, at its expense or in conjunction with others, to pursue litigation or otherwise exercise its rights as a security holder to seek to protect the interests of security holders if it determines this to be in the best interest of the fund's shareholders.

REPURCHASE AGREEMENTS. In a repurchase agreement, the fund purchases a security and simultaneously commits to resell that security to the seller at an agreed-upon price on an agreed-upon date within a number of days from the date of purchase. The resale price reflects the purchase price plus an agreed-upon incremental amount which is unrelated to the coupon rate or maturity of the purchased security. A repurchase agreement is a taxable obligation which involves the obligation of the seller to pay the agreed-upon price, which obligation is in effect secured by the value (at least equal to the amount of the agreed-upon resale price and marked to market daily) of the underlying security. The fund may engage in repurchase agreements with respect to any security in which it is authorized to invest. While it does not presently appear possible to eliminate all risks from these transactions (particularly the possibility of a decline in the market value of the underlying securities, as well as delays and costs to the fund in connection with bankruptcy proceedings), it is the fund's policy to limit repurchase agreement transactions to parties whose creditworthiness has been reviewed and found satisfactory by FMR.

REVERSE REPURCHASE AGREEMENTS. In a reverse repurchase agreement, a fund sells a portfolio instrument to another party, such as a bank or broker-dealer, in return for cash and agrees to repurchase the instrument at a particular price and time. While a reverse repurchase agreement is outstanding, the fund will maintain appropriate liquid assets in a segregated custodial account to cover its obligation under the agreement. The fund will enter into reverse repurchase agreements only with parties whose creditworthiness has been found satisfactory by FMR. Such transactions may increase fluctuations in the market value of the fund's assets and may be viewed as a form of leverage.

INVERSE FLOATERS are instruments whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index. Changes in the interest rate on the other security or index inversely affect the residual interest rate paid on the inverse floater, with the result that the inverse floater's price will be considerably more volatile than that of a fixed-rate bond. For example, a municipal issuer may decide to issue two variable-rate instruments instead of a single long-term, fixed-rate bond. The interest rate on one instrument reflects short-term interest rates, while the interest rate on the other instrument (the inverse floater) reflects the approximate rate the issuer would have paid on a fixed-rate bond, multiplied by two, minus the interest rate paid on the short-term instrument. Depending on market availability, the two portions may be recombined to form a fixed-rate municipal bond. The market for inverse floaters is relatively new.

INDEXED SECURITIES. The fund may purchase securities whose prices are indexed to the prices of other securities, securities indices, or other financial indicators. Indexed securities typically, but not always, are debt securities or deposits whose value at maturity or coupon rate is determined by reference to a specific instrument or statistic. Indexed securities may have principal payments as well as coupon payments that depend on the performance of one or more interest rates. Their coupon rates or principal payments may change by several percentage points for every 1% interest rate change. One example of indexed securities is inverse floaters.

The performance of indexed securities depends to a great extent on the performance of the security or other instrument to which they are indexed, and may also be influenced by interest rate changes. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their values may decline substantially if the issuer's creditworthiness deteriorates. Indexed securities may be more volatile than the underlying instruments.

LIMITATIONS ON FUTURES AND OPTIONS TRANSACTIONS. The fund intends to file a notice of eligibility for exclusion from the definition of the term "commodity pool operator" with the Commodity Futures Trading Commission (CFTC) and the National Futures Association, which regulate trading in the futures markets, before engaging in any purchases or sales of futures contracts or options on futures contracts. The fund intends to comply with Section 4.5 of the regulations under the Commodity Exchange Act, which limits the extent to which the fund can commit assets to initial margin deposits and option premiums.

In addition, the fund will not: (a) sell futures contracts, purchase put options, or write call options if, as a result, more than 25% of the fund's total assets would be hedged with futures and options under normal conditions; (b) purchase futures contracts or write put options if, as a result, the fund's total obligations upon settlement or exercise of purchased futures contracts and written put options would exceed 25% of its total assets; or (c) purchase call options if, as a result, the current value of option premiums for call options purchased by the fund would exceed 5% of the fund's total assets. These limitations do not apply to options attached to or acquired or traded together with their underlying securities, and do not apply to securities that incorporate features similar to options.

The above limitations on the fund's investments in futures contracts and options, and the fund's policies regarding futures contracts and options discussed elsewhere in this Statement of Additional Information may be changed as regulatory agencies permit.

FUTURES CONTRACTS. When the fund purchases a futures contract, it agrees to purchase a specified underlying instrument at a specified future date. When the fund sells a futures contract, it agrees to sell the underlying instrument at a specified future date. The price at which the purchase and sale will take place is fixed when the fund enters into the contract. Some currently available futures contracts are based on specific securities, such as U.S. Treasury bonds or notes, and some are based on indices of securities prices, such as the Bond Buyer Municipal Bond Index. Futures can be held until their delivery dates, or can be closed out before then if a liquid secondary market is available.

The value of a futures contract tends to increase and decrease in tandem with the value of its underlying instrument. Therefore, purchasing futures contracts will tend to increase the fund's exposure to positive and negative price fluctuations in the underlying instrument, much as if it had purchased the underlying instrument directly. When the fund sells a futures contract, by contrast, the value of its futures position will tend to move in a direction contrary to the market. Selling futures contracts, therefore, will tend to offset both positive and negative market price changes, much as if the underlying instrument had been sold.

FUTURES MARGIN PAYMENTS. The purchaser or seller of a futures contract is not required to deliver or pay for the underlying instrument unless the contract is held until the delivery date. However, both the purchaser and seller are required to deposit "initial margin" with a futures broker, known as a futures commission merchant (FCM), when the contract is entered into. Initial margin deposits are typically equal to a percentage of the contract's value. If the value of either party's position declines, that party will be required to make additional "variation margin" payments to settle the change in value on a daily basis. The party that has a gain may be entitled to receive all or a portion of this amount. Initial and variation margin payments do not constitute purchasing securities on margin for purposes of the fund's investment limitations. In the event of the bankruptcy of an FCM that holds margin on behalf of the fund, the fund may be entitled to return of margin owed to it only in proportion to the amount received by the FCM's other customers, potentially resulting in losses to the fund.

PURCHASING PUT AND CALL OPTIONS. By purchasing a put option, the fund obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, the fund pays the current market price for the option (known as the option premium). Options have various types of underlying instruments, including specific securities, indices of securities prices, and futures contracts. The fund may terminate its position in a put option it has purchased by allowing it to expire or by exercising the option. If the option is allowed to expire, the fund will lose the entire premium it paid. If the fund exercises the option, it completes the sale of the underlying instrument at the strike price. The fund may also terminate a put option position by closing it out in the secondary market at its current price, if a liquid secondary market exists.

The buyer of a typical put option can expect to realize a gain if security prices fall substantially. However, if the underlying instrument's price does not fall enough to offset the cost of purchasing the option, a put buyer can expect to suffer a loss (limited to the amount of the premium paid, plus related transaction costs).

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right to purchase, rather than sell, the underlying instrument at the option's strike price. A call buyer typically attempts to participate in potential price increases of the underlying instrument with risk limited to the cost of the option if security prices fall. At the same time, the buyer can expect to suffer a loss if security prices do not rise sufficiently to offset the cost of the option.

WRITING PUT AND CALL OPTIONS. When the fund writes a put option, it takes the opposite side of the transaction from the option's purchaser. In return for receipt of the premium, the fund assumes the obligation to pay the strike price for the option's underlying instrument if the other party to the option chooses to exercise it. When writing an option on a futures contract the fund will be required to make margin payments to an FCM as described above for futures contracts. The fund may seek to terminate its position in a put option it writes before exercise by closing out the option in the secondary market at its current price. If the secondary market is not liquid for a put option the fund has written, however, the fund must continue to be prepared to pay the strike price while the option is outstanding, regardless of price changes, and must continue to set aside assets to cover its position.

If security prices rise, a put writer would expect to profit, although its gain would be limited to the amount of the premium it received. If security prices remain the same over time, it is likely that the writer will also profit, because it should be able to close out the option at a lower price. If security prices fall, the put writer would expect to suffer a loss. This loss should be less than the loss from purchasing the underlying instrument directly, however, because the premium received for writing the option should mitigate the effects of the decline.

Writing a call option obligates the fund to sell or deliver the option's underlying instrument, in return for the strike price, upon exercise of the option. The characteristics of writing call options are similar to those of writing put options, except that writing calls generally is a profitable strategy if prices remain the same or fall. Through receipt of the option premium, a call writer mitigates the effects of a price decline. At the same time, because a call writer must be prepared to deliver the underlying instrument in return for the strike price, even if its current value is greater, a call writer gives up some ability to participate in security price increases.

COMBINED POSITIONS. The fund may purchase and write options in combination with each other, or in combination with futures or forward contracts, to adjust the risk and return characteristics of the overall position. For example, the fund may purchase a put option and write a call option on the same underlying instrument, in order to construct a combined position whose risk and return characteristics are similar to selling a futures contract. Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower price, in order to reduce the risk of the written call option in the event of a substantial price increase. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

CORRELATION OF PRICE CHANGES. Because there are a limited number of types of exchange-traded options and futures contracts, it is likely that the standardized contracts available will not match the fund's current or anticipated investments exactly. The fund may invest in options and futures contracts based on securities with different issuers, maturities, or other characteristics from the securities in which it typically invests, which involves a risk that the options or futures position will not track the performance of the fund's other investments.

Options and futures prices can also diverge from the prices of their underlying instruments, even if the underlying instruments match the fund's investments well. Options and futures prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect correlation may also result from differing levels of demand in the options and futures markets and the securities markets, from structural differences in how options and futures and securities are traded, or from imposition of daily price fluctuation limits or trading halts. The fund may purchase or sell options and futures contracts with a greater or lesser value than the securities it wishes to hedge or intends to purchase in order to attempt to compensate for differences in volatility between the contract and the securities, although this may not be successful in all cases. If price changes in the fund's options or futures positions are poorly correlated with its other investments, the positions may fail to produce anticipated gains or result in losses that are not offset by gains in other investments.

LIQUIDITY OF OPTIONS AND FUTURES CONTRACTS. There is no assurance a liquid secondary market will exist for any particular options or futures contract at any particular time. Options may have relatively low trading volume and liquidity if their strike prices are not close to the underlying instrument's current price. In addition, exchanges may establish daily price fluctuation limits for options and futures contracts, and may halt trading if a contract's price moves upward or downward more than the limit in a given day. On volatile trading days when the price fluctuation limit is reached or a trading halt is imposed, it may be impossible for the fund to enter into new positions or close out existing positions. If the secondary market for a contract is not liquid because of price fluctuation limits or otherwise, it could prevent prompt liquidation of unfavorable positions, and potentially could require the fund to continue to hold a position until delivery or expiration regardless of changes in its value. As a result, the fund's access to other assets held to cover its options or futures positions could also be impaired.

OTC OPTIONS. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows the fund greater flexibility to tailor an option to its needs, OTC options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

ASSET COVERAGE FOR FUTURES AND OPTIONS POSITIONS. The fund will comply with guidelines established by the Securities and Exchange Commission with respect to coverage of options and futures strategies by mutual funds, and if the guidelines so require will set aside appropriate liquid assets in a segregated custodial account in the amount prescribed. Securities held in a segregated account cannot be sold while the futures or option strategy is outstanding, unless they are replaced with other suitable assets. As a result, there is a possibility that segregation of a large percentage of the fund's assets could impede portfolio management or the fund's ability to meet redemption requests or other current obligations.

HEALTH CARE INDUSTRY. The health care industry is subject to regulatory action by a number of private and governmental agencies, including federal, state, and local governmental agencies. A major source of revenues for the health care industry is payments from Medicare and Medicare programs. As a result, the industry is sensitive to legislative changes and reductions in governmental spending for such programs. Numerous other factors may affect the industry, such as general and local economic conditions; demand for services; expenses (including malpractice insurance premiums); and competition among health care providers. In the future, the following elements may adversely affect health care facility operations: adoption of legislation proposing a national health insurance program; medical and technological advances which dramatically alter the need for health services or the way in which such services are delivered; and efforts by employers, insurers, and governmental agencies to reduce the costs of health insurance and health care services.

SPECIAL FACTORS AFFECTING NEW YORK

The financial condition of the State of New York (the State), its public authorities and public benefit corporations (the Authorities) and its local governments, particularly The City of New York (the City), could affect the market values and marketability of, and therefore the net asset value per share and the interest income of, the funds, or result in the default of existing obligations, including obligations which may be held by the funds. The following section provides only a brief summary of the complex factors affecting the financial situation in New York and is based on information obtained from the State, certain of its Authorities, the City and certain other localities, as publicly available on the date of this Statement of Additional Information. The information contained in such publicly available documents has not been independently verified. It should be noted that the creditworthiness of obligations issued by local issuers may be unrelated to the creditworthiness of the State, and that there is no obligation on the part of the State to make payment on such local obligations in the event of default in the absence of a specific guarantee or pledge provided by the State.

The State and the City have been facing serious financial difficulties and have each experienced recent declines in their credit standings. Standard & Poor's Corporation and Moody's Investors Service Inc. have each assigned ratings for the State's general obligation bonds that are among the three lowest of the 50 states. The ratings of certain related debt of other issuers for which the State has an outstanding moral obligation, lease purchase, guarantee or other contractual obligation are generally linked directly to the State's rating. Should the financial condition of the State, its Authorities, or its local governments deteriorate, their respective credit ratings could be further reduced, and the market value and marketability of their outstanding notes and bonds could be adversely affected, and their respective access to the public credit markets jeopardized.

ECONOMIC FACTORS. New York is the second most populous state, and historically has been one of the wealthiest states in the nation. However, the State economy has grown more slowly than that of the nation as a whole, resulting in the gradual erosion of its relative economic affluence (due to factors such as relative costs for taxes, labor, and energy). The State's manufacturing and maritime base have been seriously eroded, as illustrated by the decline of the steel industry in the Buffalo area and of the apparel and textile industries in the City. In addition, the City experienced substantial socio-economic changes, as a large segment of its population and a significant share of corporate headquarters and other businesses relocated (many out-of-state).

Both the State and the City experienced substantial revenue increases in the mid-1980s attributable directly (corporate income and financial corporations taxes) and indirectly (personal income and a variety of other taxes) to growth in new jobs, rising profits, and capital appreciation derived from the finance sector of the City's economy. From 1977 to its 1988 peak, the finance, insurance, and real estate sectors rose 55%, to account in 1988 for 23% of total earnings in the City and 14% statewide (compared to 7% nationwide). The finance sector's growth was a catalyst for the New York metropolitan region's related business and professional services, retail trade and residential and commercial real estate markets. The then rising real estate market contributed to City revenues, as higher property values and new construction added to collections from property taxes, mortgage recording, and transfer taxes and sales taxes on building materials. The boom on Wall Street more than compensated for the continued erosion of the State's (and the City's) manufacturing and maritime base, since average wages in finance and related business and professional services were substantially higher (thereby providing a net increase of higher incomes, taxed at even higher marginal rates).

However, the effects of the October 1987 stock market crash and the 1990-92 national recession have had a disproportionately adverse impact on the New York metropolitan region, as private sector job losses since 1989 have offset all the prior employment gains of the 1980s. Declines in both employment and earnings in the finance sector contributed to declines in retail sales and real estate values. In addition, a number of widely publicized bankruptcies among highly leveraged retailing, brokerage and real estate development companies occurred. The effects of the recession have extended to banking, insurance, business services (such as law, accounting and advertising), publishing and communications. Factors which may inhibit the City's economic recovery include (i) credit restraints imposed by the weak financial condition of several major money center banks located in the City; (ii) increases in combined State and local tax burdens, if uncompetitive tax rates are imposed; (iii) perceived declines in the quality of life attributable to service reductions and the deterioration of the City's aging and dilapidated infrastructure; or (iv) additional employment losses in the City's banking sector or corporate headquarters complex due to further corporate relocations or restructurings. The City's future economic condition will also likely be affected by its competitive position as a world financial center (compared to London, Tokyo, Frankfurt, and competing regional U.S. centers).

While the State's economy (the nation's second largest) is broader-based than that of the City, particular industries are concentrated in and have a disproportionate impact on certain areas, such as aerospace in Long Island, heavy industry in Buffalo, photographic and optical equipment in Rochester, machinery and transportation equipment in Syracuse and Utica-Rome, computers in Binghamton and in the Mid-Hudson Valley, and electrical equipment in Schenectedy. Of the six largest private employers in the State outside the City, three derive a significant share of their revenues from contracts with the Defense Department, whose budget (and contract outlays) may be further reduced during the 1990s. In addition, State government has a significant local economic impact on the Albany area and on communities where state university campuses or corrections and mental health facilities are located. Constraints on economic growth, taxpayer resistance to proposed substantial increases in local tax rates, and reductions in State aid in regions apart from the City have contributed to financial difficulties for several county and other local governments.

These recent trends have had, and may continue to have, an adverse impact on both State and local government revenue receipts. The adverse fiscal impact on the State and its local governments (especially the City, Suffolk County and Buffalo) of the 1990-92 national recession has been substantial, and could worsen if the recession deepens or is protracted locally.

THE STATE. The State has been experiencing substantial financial difficulties, with General Fund (the principal operating account) deficits incurred in each of the past five fiscal years (ending March 31). The State's accumulated General Fund deficit (on a GAAP-basis) grew 91% from FY1986-87 to FY1990-91, and reached a then-record $6.265 billion (audited) by March 31, 1991. Due largely to the accounting treatment of State aid to local governments now paid by New York State Local Government Assistance Corporation (as described below), the State had a General Fund surplus (on a GAAP basis) of $1.668 billion in FY1991-92 (although the State issued $531 million of its deficit notes at fiscal year end to avert a cash-basis deficit). As a consequence, the accumulated General Fund deficit at March 31, 1992 was restated to be $4.616 billion. In the process of adopting the FY1992-93 budget, the State was required to close a potential $4.8 billion revenue and expenditure gap. While the State is expected to end FY1992-93 with a modest cash basis surplus for FY1992-93, published reports indicate that it faces a potential $3.7 billion gap in preparing a FY1993-94 budget.

There can be no assurance that the State will not face budget gaps in future years, resulting from a disparity between tax revenues projected from a lower recurring-receipts base and the spending required to maintain State programs at current levels. Furthermore, the State is a party to numerous lawsuits in which an adverse decision could require extraordinary expenditures. Certain major budgetary considerations affecting the State are outlined below.

REVENUE BASE. The State's principal revenue sources are economically sensitive, and include the personal income tax (55% of estimated FY1992-93 General Fund tax receipts), user taxes and fees (16%), and business taxes (19%). One-fourth of the 4% State sales tax has been dedicated to pay debt service of the New York Local Government Assistance Corporation, and has correspondingly reduced General Fund receipts. Capital gains are a significant component of income tax collections. Auto sales and building materials are significant components of retail sales tax collections. Tax rates are relatively high and may impose political and economic constraints on the ability of the State to further increase its taxes. State legislation enacted in 1987 phased in a reduction in the top rate of the State's personal income tax; these tax cuts have substantially reduced the recurring revenues of the State. The final phase-in (originally scheduled for October 1990) has been deferred three times, and is currently scheduled for 1993. If the additional personal income tax rate cut is implemented as scheduled and the surcharge on business income is reduced from the current 15% to 10% as required by current law, State receipts could fall by approximately $1 billion. In the absence of countervailing economic growth or expenditure cuts such actions could make the achievement of a balanced State budget more difficult in future years.

STATE DEBT. The State has the heaviest debt burden of any state (with nearly $5.0 billion of general obligation and $16.8 billion of lease-purchase or other contractual debt outstanding as of June 30, 1992), and debt service costs absorb a large share of the State's budget. The State is also obligated with respect to nearly $8.2 billion for statutory moral obligations for 9 of its Authorities and for guarantees of $498 million of other Authority debt. In addition, the State has one of the largest seasonal financing requirements of any municipal issuer, and is required each spring to borrow substantial sums from public credit markets to finance its accumulated General Fund deficit and its scheduled payments of aid to local governments and school districts. No assurance can be given that the State will be able to continue to meet its financing requirements in the public credit markets at the times or in the amounts required. The annual Spring Borrowing is contingent on the certification by the State Comptroller that the newly adopted State budget is balanced. Prior delays in the Spring Borrowing in recent years owing to delayed enactment of the State budget have resulted in delays in the scheduled payments of State aid and have consequently caused various local governments and school districts to experience cash flow difficulties. For the fourth consecutive year, a growing budget gap caused the State at the end of its fiscal year to issue $531 million of its short-term notes (payable from the next year's tax receipts) to finance its FY1991-92 deficit. The State recently created the New York State Local Government Assistance Corporation (LGAC) as a financing vehicle to reduce the State's seasonal financing needs by having LGAC finance the State's local assistance payments by issuing long-term debt, payable over 30 years from a portion of the State sales tax. The enabling legislation for LGAC contains a covenant restricting the amount of the State's Spring Borrowing, which may reduce the State's fiscal flexibility.

BUDGETARY FLEXIBILITY. A major share of the State's General Fund budget is accounted for by contractually required expenses (such as pension and debt service costs) and by federally mandated programs (such as AFDC and Medicaid). In addition, State aid for school districts comprises a major share of the budget, and total appropriations and distribution of such aid is especially contentious politically. Furthermore, the State has utilized a substantial range of actions of a non-recurring nature in recent years to finance its General Fund operations, including tapping excess monies in special funds, refinancing outstanding debt to reduce reserve fund requirements and current (but not long-term) debt service costs, recalculating pension fund contributions, selling state assets, reimbursing past General Fund expenditures by the issuance of Authority debt, and deferring payment for expenditures to future fiscal years. Such actions may have reduced the State's ability to respond to unanticipated events in the future.

POLITICAL FACTORS. Political control of the Legislature has been divided between the Senate and the Assembly for most of the State's recent history, and has contributed to protracted State budget negotiations that have delayed enactment of the State budget past the April 1 constitutional deadline in each of the past eight years. In addition, the independently elected State Comptroller audits state agencies, Authorities and local governments, and issues reports from time to time that may result in adverse publicity or conflicting fiscal projections.

LABOR COSTS. The State government workforce is mostly unionized, subject to the Taylor Law which authorizes collective bargaining and prohibits (but has not historically prevented) strikes and work slowdowns. Costs for employee health benefits have increased substantially, and can be expected to further increase. The State has a substantial unfunded liability for future pension benefits, and has utilized changes in its pension fund investment return assumptions to reduce current contribution requirements. If such investment earnings assumptions are not sustained by actual results, additional State contributions will be required in future years to meet the State's contractual obligations.

PUBLIC ASSISTANCE. The State has the second largest number of persons receiving public assistance (AFDC and Home Relief) of any state. AFDC costs are shared among the federal government, the State and its counties (including the City) by statutory formula. Caseloads tend to rise significantly during economic downturns, but have fallen only in the later stages of past economic recoveries.

MEDICAID. The State participates in the federal Medicaid program under a state plan approved by the Health Care Financing Administration. The federal government provides 50% of eligible program costs, with the remainder shared by the State and its counties (including the City). The Governor has proposed that the State assume local costs for Medicaid, but enabling legislation has not yet been adopted. Basic program eligibility and benefits are determined by federal guidelines, but the State provides a number of optional benefits and expanded eligibility. Program costs have increased substantially in recent years, and account for a rising share of the State budget. Federal law requires the State adopt reimbursement rates for hospitals and nursing homes that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated facilities in providing patient care, a standard that has led to past litigation by hospitals and nursing homes seeking higher reimbursement from the State. Cutbacks in State spending for Medicaid may adversely affect the financial condition of hospitals and health care institutions that are the obligors of bonds that may be held by the funds.

ENERGY COSTS. Increases in energy costs, especially for heating oil and gasoline, may exceed budgeted amounts. Such costs are related to the severity of winter conditions and to international developments affecting the petroleum market.

ENVIRONMENTAL PROTECTION. Federal legislation and Environment Protection Agency regulations mandate compliance with various standards for air and water pollution and hazardous wastes. Many jurisdictions within the State (including the City) are not in compliance with such standards, and are subject to a range of penalties. No assurance can be given that the State or its local governments will meet such standards within the current deadlines for compliance under such regulations or consent decrees, or that such deadlines will be further extended. The costs of compliance are substantial, as may be the costs of penalties that may be imposed on the State or its local governments.

THE STATE AUTHORITIES. The State's Authorities are not subject to the constitutional restrictions on the incurrence of debt which apply to the State itself, and may issue bonds and notes within the amounts of, and as otherwise restricted by, their legislative authorization. The New York State Public Authorities Control Board approves the issuance of debt and major contracts by ten of the Authorities. As of September 30, 1991, there were 17 Authorities that had outstanding debt of $100 million or more, the aggregate debt of which (including refunding bonds and moral obligation or State-guaranteed debt) then totaled approximately $57.1 billion. In recent years the State has provided financial assistance through appropriations, in some cases of a recurring nature, to certain Authorities for operating and other expenses and, (from 1976 to 1987) in fulfillment of its commitments on moral obligation indebtedness or otherwise, for debt service. The State has budgeted operating assistance of approximately $853 million for the Metropolitan Transportation Authority (MTA) and $20 million for four other Authorities (including the State Housing Finance Agency and the State Urban Development Corporation) during FY1992-93. This assistance is expected to continue to be required (and may increase) in future years. Failure by the State to appropriate necessary amounts or to take other action to permit the Authorities to meet their obligations could result in a default by one or more of the Authorities (as happened in 1975 by the Urban Development Corporation).

The MTA, where credit standing was recently cut, oversees the operation of the City's subway and bus lines by its affiliates, the New York City Transit Authority and the Manhattan and Bronx Surface Transit Operating Authority (collectively, the "TA"). MTA subsidiaries operate certain commuter rail and bus lines in the New York metropolitan area. An affiliated agency, the Triborough Bridge and Tunnel Authority (TBTA), operates certain intrastate toll bridges and tunnels. To maintain its facilities and equipment, which deteriorated significantly in the late 1970s due to deferred maintenance, the MTA prepares a four year capital program subject to approval by the MTA Capital Program Review Board. The proposed 1992-1996 program (rejected by the Review Board) projected total spending requirements of $10 billion, but identified only $6 billion in potential funding. The MTA is facing a substantial budget deficit in 1993 (not accounting for any wage increase) in TA operations due to a falloff in ridership, reduced collections from dedicated taxes (mortgage recording and realty transfer taxes) and reduced State and City aid. Because fares are not sufficient to finance its mass transit operations, the MTA has depended and will continue to depend for operating support upon a system of State, local government and TBTA support, and, to the extent available, federal assistance (including loans, grants and operating subsidies). A regional business tax surcharge, which provided $59 million in revenues to the MTA in 1991, is scheduled to expire, unless extended by the Legislature, in

November 1993. In addition, the City provides a substantial subsidy to the TA. There can be no assurance that any such assistance will continue at any particular level or in any fixed relationship to the operating costs and capital needs of the MTA.

THE CITY. In the early 1970s, the City incurred substantial operating deficits, and its financial controls, accounting practices, and disclosure policies were widely criticized. In 1975, the City encountered severe financial difficulties and lost access to the public credit markets. The State Legislature responded in 1975 by creating the Municipal Assistance Corporation For The City of New York (MAC) to provide financing assistance for the City and the Financial Control Board to exercise certain oversight and review functions with respect to the City's finances. The Financial Control Board's powers over the City were suspended in June 1986, but would be reinstated (under current law) if the City experiences certain adverse financial circumstances. At the time of the fiscal crisis, the State provided substantial financial assistance to the City, the federal government provided the City with direct seasonal loans and guarantees on the City's long-term debt, and the City's labor unions accepted deferrals of wage increases and approved purchases of City bonds by the pension funds. No assurance can be given that similar assistance would again be made available if needed, particularly given the current budgetary constraints faced by both the federal and State governments.

The City provides services usually undertaken by counties, school districts or special districts in other large urban areas. State law requires the City to allocate at least 40% of its General Fund to Board of Education operations, and mandates the City to assume the local share of public assistance and Medicaid costs. The City had GAAP operating surpluses of $567 million in FY1987, $225 million in FY1988, $409 million in FY1989, $253 million in FY1990, $27 million in FY1991 and $570 million in FY1992 before discretionary transfers and expenditures. The City has experienced substantial financial difficulties in the early 1990s, primarily related to the impact of the recession on the local economy (reducing revenues from most major taxes and increasing public assistance and Medicaid caseloads), rising health care costs for City employees and for Medicaid, and the repeated deferral of the sale of the New York Coliseum site to a private developer. In response, the City implemented gap-closing programs in FY1990 and in FY1991 which enabled the City to offset a potential $3.2 billion deficit in FY1991 and to achieve modest GAAP surpluses in those years. The programs initially relied primarily on actions of a non-recurring nature, but included substantial property tax rate increases and a personal income tax surcharge imposed in FY1991 and selected service cutbacks. Reductions in State aid, larger than budgeted labor settlements and increased police expenditures added to the adverse budgetary impact of the local recession, confronting the City with a potential $3.3 billion imbalance during FY1992 budget negotiations. This initial budget gap was closed by adoption of a budget providing for various tax increases and significant service reductions. Aid to nonprofit cultural institutions in the City was significantly reduced (as was State aid to such institutions), including certain institutions that are obligors of bonds that may be held by the funds.

The City's four year financial plan for FY1993-FY1996 (as modified by the Mayor's preliminary budget for FY1994), while projecting a modest budget surplus for FY1993, recommended measures to close a potential budget gap of $2.1 billion in FY1994; the Mayor further identified potential budget gaps in later fiscal years (rising to $3.8 billion in FY1996). The plan contained numerous assumptions concerning factors which may impact the City's budget, such as: the willingness and ability of MAC to take actions necessary in transitional funding for FY1994 and FY1995; the willingness and ability of the federal and State governments to provide financial assistance and to take other actions contemplated by the City; the ultimate disposition of the City's wage settlements (which could be determined through binding arbitration); the performance of the City economy (particularly to the extent tax collections and public assistance caseloads are affected); and the extent actual earnings on pension fund assets are consistent with the 9% return assumed in determining the currently planned level of required City contributions. No assurance can be given that the assumptions used by the City will be realized. Furthermore, actions taken in recent fiscal years to avert deficits may have reduced the City's flexibility in responding to future budgetary imbalances, and have deferred certain expenditures to later fiscal years.

The City projects that local revenues will provide approximately 68% of total revenues in FY1993 while Federal aid, including categorical grants, will provide 11% and State aid, including unrestricted aid and categorical grants, will provide 21%. As a proportion of total revenues, State aid remained relatively constant over the period from 1980 to 1990, while federal aid was sharply reduced (having provided nearly 20% of total FY1980 revenues). The largest source of the City's revenues is the real estate tax (approximately 26% of total revenues for FY1993), at rates levied by the City Council (subject to certain State constitutional limits). In the event of a reduction in total assessments, higher tax rates would be required to maintain the same amount of tax revenue. The City derives the remainder of its tax revenues from a variety of other economically sensitive local taxes (subject to authorization by the Legislature), including: a local sales and compensating use tax (dedicated primarily to MAC debt service) imposed in addition to the State's tax; the personal income tax on City residents and the earnings tax on non-residents; a general corporation tax; and a financial corporation tax. High tax burdens in the City impose political and economic constraints on the ability of the City to increase local tax rates.

The City is the largest municipal debt issuer in the nation, and has more than doubled its debt load since the end of FY1986, in large measure to rehabilitate its extensive, aging physical plant. The City's seasonal borrowing needs increased significantly during FY1990 and FY1991, largely due to delayed State aid payments, and totalled $2.25 billion in FY1993. The City's current $19.1 billion capital financing program (most of which would be used to reimburse the City's general fund for capital expenditures the City expects to incur) reflects major reductions in the City's 1993-96 capital plan, which will reduce future debt service requirements, but may adversely affect the condition of its deteriorating physical plant. No assurance can be given that the credit markets will absorb the projected amounts of City obligations, which are essential if the City is to meet its planned operating and capital expenditures. Furthermore, the ability of the City to obtain credit enhancement and to sell its bonds at favorable interest rates is constrained by capacity limits established by the major bond insurance companies and reinsurers to limit their credit exposure risks.

A voter-approved study of secession by Staten Island (one of five counties/boroughs, comprising 4% of the City's population and 19% of its land area) is being undertaken, and State law provides a complex mechanism for such secession. The State Legislature is also considering establishment of a similar secession mechanism for Queens.

OTHER LOCALITIES. The State provides substantial financial assistance to its political subdivisions, totalling approximately 71% of General Fund disbursements in the State's FY1991-92, primarily for aid to elementary, secondary and higher education (49% of local assistance) and Medicaid and income maintenance (36%). The Legislature has enacted substantial reductions from previously budgeted levels of State aid since December 1990. To the extent the State is constrained by its financial condition, State assistance to localities may be further reduced, compounding the serious fiscal constraints already experienced by many local governments. Localities also face anticipated and potential problems resulting from pending litigation (including challenges to local property tax assessments), judicial decisions and socio-economic trends.

At December 31, 1991, the total indebtedness of all localities in the State, other than New York City, was approximately $13.3 billion. A small portion (approximately $51 million) of this indebtedness represented borrowing to finance budgetary deficits issued pursuant to enabling State legislation (requiring budgetary review by the State Comptroller. Seventeen localities had outstanding indebtedness for deficit financing at the close of their fiscal year ending 1990 (compared to 11 in 1988). Subsequently, certain counties and other local governments have encountered significant financial difficulties, including the counties of Suffolk (whose long-term debt ratings were reduced below investment grade by Standard & Poor's for several months during 1991), Nassau, Monroe, and Westchester, and the City of Buffalo. The State has imposed financial control on New York City from 1977 to 1986 and on the City of Yonkers since 1984 under an appointed control board in response to fiscal crises encountered by such municipalities. The Legislature imposed certain limited fiscal restraints on Nassau and Suffolk Counties, and authorized their issuance of deficit bonds to finance over several years their respective 1992 operating deficits.

SPECIAL FACTORS AFFECTING PUERTO RICO

The following only highlights some of the more significant financial trends and problems affecting the Commonwealth of Puerto Rico (the "Commonwealth" or "Puerto Rico"), and is based on information drawn from official statements and prospectuses relating to the securities offerings of Puerto Rico, its agencies and instrumentalities, as available on the date of this Statement of Additional Information. FMR has not independently verified any of the information contained in such official statements, prospectuses and other publicly available documents, but is not aware of any fact which would render such information materially inaccurate.

The economy of Puerto Rico is closely linked with that of the United States, and in fiscal 1992 trade with the United States accounted for approximately 88% of Puerto Rico's exports and approximately 68% of its imports. In this regard, in fiscal 1992 Puerto Rico experienced a $2,940,300,000 positive adjusted merchandise trade balance. Since fiscal 1987 personal income, both aggregate and per capita, have increased consistently each fiscal year. In fiscal 1992 aggregate personal income was $22.7 billion and personal per capita income was $6,360. Gross domestic product in fiscal 1989, 1990, 1991 and 1992 was $19,954,000, $21,619,000, $22,857,000, and $23,620,000 respectively. For fiscal 1993, an increase in gross domestic product of 2.9% over fiscal 1992 is forecasted. However, actual growth in the Puerto Rico economy will depend on several factors including the condition of the U.S. economy, the exchange rate for the U.S. dollar, the price stability of oil imports, and interest rates. Due to these factors there is no assurance that the economy of Puerto Rico will continue to grow.

Puerto Rico has made marked improvements in fighting unemployment. Unemployment is at a low level compared to that of the late 1970s, but it still remains significantly above the United States average. Despite long term improvements the unemployment rate rose from 15.2% to 16.5% from fiscal 1991 to fiscal 1992. At the end of the third quarter of fiscal 1993 the unemployment rate in Puerto Rico stood at 17.3%. There is a possibility that the unemployment rate will continue to increase.

The economy of Puerto Rico has undergone a transformation in the later half of this century from one centered around agriculture, to one dominated by the manufacturing and service industries. Manufacturing is the cornerstone of Puerto Rico's economy, accounting for $13.2 billion or 38.7% of gross domestic product in 1992. However, manufacturing has experienced a basic change over the years as a result of the influx of higher wage, high technology industries such as the pharmaceutical industry, electronics, computers, micro-processors, scientific instruments and high technology machinery. The service sector, which includes wholesale and retail trade, finance and real estate, ranks second in its contribution to gross domestic product and is the sector that employs the greatest number of people. In fiscal 1992, the service sector generated $13.0 billion in gross domestic product or 38.3% of the total and employed over 449,000 workers providing 46% of total employment. The government sector and tourism also contribute to the island economy each accounting for $3.7 billion and $1.5 billion in fiscal 1992, respectively.

Much of the development of the manufacturing sector of the economy of Puerto Rico is attributable to federal and Commonwealth tax incentives, most notably section 936 of the Internal Revenue Code of 1986, as amended ("Section 936") and the Commonwealth's Industrial Incentives Program. Section 936 currently grants U.S. corporations that meet certain criteria and elect its application a credit against their U.S. corporate income tax on the portion of the tax attributable to (i) income derived from the active conduct of a trade or business in Puerto Rico ("active income"), or from the sale or exchange of substantially all the assets used in the active conduct of such trade or business, and (ii) qualified possession source investment income ("passive income"). The Industrial Incentives Program, through the 1987 Industrial Incentives Act, grants corporations engaged in certain qualified activities a fixed 90% exemption from Commonwealth income and property taxes and a 60% exemption from municipal license taxes.

On August 16, 1993, President Clinton signed a bill amending Section 936. Under the amendments, U.S. corporations with operations in Puerto Rico can elect to receive a federal income tax credit equal to: 40% of the credit currently available, phased in over a five year period, starting at 60% of the current credit, or a credit based on investment and wages. The investment and wage credit would equal the sum of (i) 60% of qualified compensation to employees, (ii) a specified percentage of depreciation deductions with respect to tangible property located in Puerto Rico, and (iii) a portion of income taxed paid to Puerto Rico, up to a 9% effective tax rate, subject to certain requirements. It is not possible to determine at this time whether the reductions in tax incentives for operations in Puerto Rico will have a significant impact on the economy of Puerto Rico or the time period in which such impact would arise.

PORTFOLIO TRANSACTIONS

All orders for the purchase or sale of portfolio securities are placed on behalf of the fund by FMR pursuant to authority contained in the management contract. FMR is also responsible for the placement of transaction orders for other investment companies and accounts for which it or its affiliates act as investment adviser. In selecting broker-dealers, subject to applicable limitations of the federal securities laws, FMR will consider various relevant factors, including, but not limited to: the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the execution efficiency, settlement capability, and financial condition of the broker-dealer firm; the broker-dealer's execution services rendered on a continuing basis; and the reasonableness of any commissions.

The fund may execute portfolio transactions with broker-dealers who provide research and execution services to the fund or other accounts over which FMR or its affiliates exercise investment discretion. Such services may include advice concerning the value of securities; the advisability of investing in, purchasing, or selling securities; the availability of securities or the purchasers or sellers of securities; furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and performance of accounts; and effecting securities transactions and performing functions incidental thereto (such as clearance and settlement). The selection of such broker-dealers generally is made by FMR (to the extent possible consistent with execution considerations) based upon the quality of research and execution services provided.

The receipt of research from broker-dealers that execute transactions on behalf of the fund may be useful to FMR in rendering investment management services to the fund or its other clients, and, conversely, such research provided by broker-dealers who have executed transaction orders on behalf of other FMR clients may be useful to FMR in carrying out its obligations to the fund. The receipt of such research has not reduced FMR's normal independent research activities; however, it enables FMR to avoid additional expenses that could be incurred if FMR tried to develop comparable information through its own efforts.

Subject to applicable limitations of the federal securities laws, broker-dealers may receive commissions for agency transactions that are in excess of the amount of commissions charged by other broker-dealers in recognition of their research and execution services. In order to cause the fund to pay such higher commissions, FMR must determine in good faith that such commissions are reasonable in relation to the value of the brokerage and research services provided by such executing broker-dealers, viewed in terms of a particular transaction or FMR's overall responsibilities to the fund and its other clients. In reaching this determination, FMR will not attempt to place a specific dollar value on the brokerage and research services provided, or to determine what portion of the compensation should be related to those services.

FMR is authorized to use research services provided by and to place transactions with brokerage firms that have provided assistance in the distribution of shares of the fund or shares of other Fidelity funds, to the extent permitted by law. FMR may use research services provided by and place agency transactions with Fidelity Brokerage Services, Inc. (FBSI), a subsidiary of FMR Corp., if the commissions are fair, reasonable, and comparable to commissions charged by non-affiliated, qualified brokerage firms for similar services.

Section 11(a) of the Securities Exchange Act of 1934 prohibits members of national securities exchanges from executing exchange transactions for accounts which they or their affiliates manage, except in accordance with regulations of the SEC. Pursuant to such regulations, the Board of Trustees has approved a written agreement that permits FBSI to effect portfolio transactions on national securities exchanges and to retain compensation in connection with such transactions.

The Trustees periodically review FMR's performance of its responsibilities in connection with the placement of portfolio transactions on behalf of the fund and review the commissions paid by the fund over representative periods of time to determine if they are reasonable in relation to the benefits to the fund.

From time to time the Trustees will review whether the recapture for the benefit of the fund of some portion of the brokerage commissions or similar fees paid by the fund on portfolio transactions is legally permissible and advisable. The fund seeks to recapture soliciting broker-dealer fees on the tender of portfolio securities, but at present no other recapture arrangements are in effect. The Trustees intend to continue to review whether recapture opportunities are available and are legally permissible and, if so, to determine in the exercise of their business judgment whether it would be advisable for the fund to seek such recapture.

Although the Trustees and officers of the fund are substantially the same as those of other funds managed by FMR, investment decisions for the fund are made independently from those of other funds managed by FMR or accounts managed by FMR affiliates. It sometimes happens that the same security is held in the portfolio of more than one of these funds or accounts. Simultaneous transactions are inevitable when several funds are managed by the same investment adviser, particularly when the same security is suitable for the investment objective of more than one fund.

When two or more funds are simultaneously engaged in the purchase or sale of the same security, the prices and amounts are allocated in accordance with a formula considered by the officers of the funds involved to be equitable to each fund. In some cases this system could have a detrimental effect on the price or value of the security as far as the fund is concerned. In other cases, however, the ability of the fund to participate in volume transactions will produce better executions and prices for the fund. It is the current opinion of the Board of Trustees that the desirability of retaining FMR as investment adviser to the fund outweighs any disadvantages that may be said to exist from exposure to simultaneous transactions.

VALUATION OF PORTFOLIO SECURITIES

Valuations of portfolio securities furnished by the pricing service employed by the fund are based upon a computerized matrix system or appraisals by the pricing service, in each case in reliance upon information concerning market transactions and quotations from recognized municipal securities dealers. The methods used by the pricing service and the quality of valuations so established are reviewed by officers of the fund and FSC under the general supervision of the Board of Trustees. There are a number of pricing services available, and the Trustees, or officers acting on behalf of the Trustees, on the basis of on-going evaluation of these services, may use other pricing services or discontinue the use of any pricing service in whole or in part.

PERFORMANCE

The fund may quote performance in various ways. All performance information supplied by the fund in advertising is historical and is not intended to indicate future returns. The fund's share price, yield, and total returns fluctuate in response to market conditions and other factors. The value of the fund's shares when redeemed may be worth more or less than their original cost.

YIELD CALCULATIONS. Yields used in advertising are computed by dividing the fund's interest income for a given 30-day or one-month period, net of expenses, by the average number of shares entitled to receive distributions during the period, dividing this figure by the fund's net asset value per share (NAV) at the end of the period and annualizing the result (assuming compounding of income) in order to arrive at an annual percentage rate. Income is calculated for purposes of yield quotations in accordance with standardized methods applicable to all stock and bond funds. In general, interest income is reduced with respect to bonds trading at a premium over their par value by subtracting a portion of the premium from income on a daily basis, and is increased with respect to bonds trading at a discount by adding a portion of the discount to daily income. Capital gains and losses generally are excluded from the calculation.

Income calculated for purposes of determining the fund's yield differs from income as determined for other accounting purposes. Because of the different accounting methods used, and because of the compounding of income assumed in yield calculations, the fund's yield may not equal its distribution rate, the income paid to your account, or the income reported in the fund's financial statements.

The fund's tax-equivalent yield is the rate an investor would have to earn from a fully taxable investment to equal the fund's tax-free yield. Tax-equivalent yields are calculated by dividing the fund's yield by the result of one minus a stated federal and state tax rate. (If only a portion of the fund's yield is tax-exempt, only that portion is adjusted in the calculation.)

The following table shows the effect of a shareholder's tax status on effective yield under federal, state, and county income tax laws for 1993. They show the approximate yield a taxable security must provide at various income brackets to produce after-tax yields equivalent to those of hypothetical tax-exempt obligations yielding from 2.0% to 8.0%. Of course, no assurance can be given that the fund will achieve any specific tax-exempt yield. While the fund invests principally in obligations whose interest is exempt from federal and state income tax, other income received by the fund may be taxable.

Use this table to find your approximate effective tax bracket on investment income as a New York resident with triple taxes (federal, state, and New York City) or double taxes (federal and state) for 1994.

1994 TAX RATES

<TABLE>
<CAPTION>

Marginal Federal Taxable Income Single Return*	New York Taxable Income Joint Return*	New York Income Tax Bracket	New York City Income Tax Bracket	State Income Tax Bracket	Marginal Tax Bracket

</TABLE>

Double Triple

<TABLE>
<CAPTION>

$ 22,101 - $ 25,000	$ 36,901 - $ 45,000	28%	12.28%	7.88%	33.67%	36.83%
25,001 - 53,500	45,001 - 89,500	28%	12.28%	7.88%	33.67%	36.84%
53,501 - 60,000	89,501 - 108,000	31%	12.28%	7.88%	36.43%	39.47%
60,001 - 115,000	108,001 - 140,000	31%	12.28%	7.88%	36.43%	39.51%
115,001 - 250,000	140,001 - 250,000	36%	12.28%	7.88%	41.04%	43.89%
250,001 +	250,001 +	39.6%	12.28%	7.88%	44.36%	47.05%

</TABLE>

*Taxable income (gross income after all exemptions, adjustments, and deductions) based on 1994 tax rates.

Having determined your effective tax bracket above, use the appropriate table below to determine the tax-equivalent yield for a given tax-free yield.

NEW YORK CITY RESIDENTS - TRIPLE TAXES - 1994

If your effective combined federal, state, and New York City personal income tax rate in 1994 is:

	36.83%	36.84%	39.47%	39.51%	43.89%	47.05%
To match these tax-free yields:	Your taxable investment would have to earn the following yield:					
2%	3.17%	3.17%	3.30%	3.31%	3.56%	3.78%
3%	4.75%	4.75%	4.96%	4.96%	5.35%	5.67%
4%	6.33%	6.33%	6.61%	6.61%	7.13%	7.55%
5%	7.92%	7.92%	8.26%	8.27%	8.91%	9.44%
6%	9.50%	9.50%	9.91%	9.92%	10.69%	11.33%

7%	11.08%	11.08%	11.56%	11.57%	12.48%	13.22%
8%	12.66%	12.66%	13.22%	13.23%	14.26%	15.11%

NEW YORK STATE RESIDENTS (OUTSIDE NYC) - DOUBLE TAXES - 1994

If your effective combined federal and state personal income tax rate in 1994 is:

To match these tax-free yields:	33.67%	36.43%	41.04%	44.36%
	Your taxable investment would have to earn the following yield:			
2%	3.02%	3.15%	3.39%	3.59%
3%	4.52%	4.72%	5.09%	5.39%
4%	6.03%	6.29%	6.78%	7.19%
5%	7.54%	7.87%	8.48%	8.99%
6%	9.05%	9.44%	10.18%	10.78%
7%	10.55%	11.01%	11.87%	12.58%
8%	12.06%	12.59%	13.57%	14.38%

The fund may invest a portion of its assets in obligations that are subject to state or federal income taxes. When the fund invests in these obligations, its tax-equivalent yields will be lower. In the table above, tax-equivalent yields are calculated assuming investments are 100% federally and state tax-free.

Yield information may be useful in reviewing the fund's performance and in providing a basis for comparison with other investment alternatives. However, the fund's yield fluctuates, unlike investments that pay a fixed interest rate over a stated period of time. When comparing investment alternatives, investors should also note the quality and maturity of the fund's securities of the respective investment companies they have chosen to consider.

Investors should recognize that in periods of declining interest rates, the fund's yield will tend to be somewhat higher than prevailing market rates, and in periods of rising interest rates, the fund's yield will tend to be somewhat lower. Also, when interest rates are falling, the inflow of net new money to the fund from the continuous sale of its shares will likely be invested in instruments producing lower yields than the balance of the fund's holdings, thereby reducing the fund's current yields. In periods of rising interest rates, the opposite can be expected to occur.

TOTAL RETURN CALCULATIONS. Total returns quoted in advertising reflect all aspects of the fund's returns, including the effect of reinvesting dividends and capital gain distributions (if any), and any change in the fund's NAV over the period. Average annual total returns are calculated by determining the growth or decline in value of a hypothetical historical investment in the fund over a stated period, and then calculating the annually compounded percentage rate that would have produced the same result if the rate of growth or decline in value had been constant over the entire period. For example, a cumulative return of 100% over ten years would produce an average annual return of 7.18%, which is the steady annual rate that would equal 100% growth on a compounded basis in ten years. Average annual returns covering periods of less than one year are calculated by determining the fund's total return for the period, extending that return for a full year (assuming that performance remains constant over the year), and quoting the result as an annual return. While average annual total returns are a convenient means of comparing investment alternatives, investors should realize that the fund's performance is not constant over time, but changes from year to year, and that average annual total returns represent averaged figures as opposed to actual year-to-year performance of the fund.

In addition to average annual total returns, the fund may quote unaverage or cumulative total returns reflecting the simple change in value of an investment over a stated period. Average annual and cumulative total returns may be quoted as a percentage or as a dollar amount, and may be calculated for a single investment, a series of investments, or a series of redemptions, over any time period. Total returns may be broken down into their components of income and capital (including capital gains and changes in share price) in order to illustrate the relationship of these factors and their contributions to total return. Total returns may be quoted on a before-tax or after-tax basis. Total returns, yields, and other performance information may be quoted numerically or in a table, graph, or similar illustration and may omit or include the effect of the fund's $5.00 account closeout fee or other charges for special transactions or services. Omitting fees and charges will cause the fund's total return figures to be higher.

NET ASSET VALUE. Charts and graphs using a fund's net asset values, adjusted net asset values, and benchmark indices may be used to exhibit performance. An adjusted NAV includes any distributions paid by the fund and reflects all elements of its return. Unless otherwise indicated, the fund's adjusted NAVs are not adjusted for sales charges, if any.

The fund's performance may be compared to the performance of other mutual funds in general, or to the performance of particular types of mutual funds. These comparisons may be expressed as mutual fund rankings prepared by Lipper Analytical Services, Inc. (Lipper), an independent service located in Summit, New Jersey that monitors the performance of mutual funds. Lipper generally ranks funds on the basis of total return, assuming reinvestment of distributions, but does not take sales charges or redemption fees into consideration, and is prepared without regard to tax consequences. Lipper may also rank funds based on yield. In addition to the mutual fund rankings, the fund's performance may be compared to mutual fund performance indices prepared by Lipper.

From time to time, the fund's performance may also be compared to other mutual funds tracked by financial or business publications and periodicals. For example, the fund may quote Morningstar, Inc. in its advertising materials. Morningstar, Inc. is a mutual fund rating service that rates mutual funds on the basis of risk-adjusted performance. Rankings that compare the performance of Fidelity funds to one another in appropriate categories over specific periods of time may also be quoted in advertising.

Fidelity may provide information designed to help individuals understand their investment goals and explore various financial strategies. For example, Fidelity's FundMatchsm Program includes a workbook describing general principles of investing, such as asset allocation, diversification, risk tolerance, and goal setting; a questionnaire designed to help create a personal financial profile; and an action plan offering investment alternatives. Materials may also include discussions of Fidelity's three asset allocation funds and other Fidelity funds, products, and services.

Ibbotson Associates of Chicago, Illinois (Ibbotson) provides historical returns of the capital markets in the United States, including common stocks, small capitalization stocks, long-term corporate bonds, intermediate-term government bonds, long-term government bonds, Treasury bills, the U.S. rate of inflation (based on the Consumer Price Index), and combinations of various capital markets. The performance of these capital markets is based on the returns of different indices.

Fidelity funds may use the performance of these capital markets in order to demonstrate general risk-versus-reward investment scenarios. Performance comparisons may also include the value of a hypothetical investment in any of these capital markets. The risks associated with the security types in any capital market may or may not correspond directly to those of the funds. Ibbotson calculates total returns in the same method as the funds. The funds may also compare performance to that of other compilations or indices that may be developed and made available in the future.

The fund may compare its performance or the performance of securities in which it may invest to averages published by IBC USA (Publications), Inc. of Ashland, Massachusetts. These averages assume reinvestment of distributions. The IBC/Donoghue's MONEY FUND AVERAGES(registered trademark)/All Tax-Free, which is reported in the MONEY FUND REPORT(registered trademark), covers over 300 tax-free money market funds. The Bond Fund Report AverageS(registered trademark)/ all taxfree , which is reported in the BOND FUND REPORT(registered trademark), covers over 360 taxfree bond funds. When evaluating comparisons to money market funds, investors should consider the relevant differences in investment objectives and policies. Specifically, money market funds invest in short-term, high-quality instruments and seek to maintain a stable $1.00 share price. The fund, however, invests in longer-term instruments and its share price changes daily in response to a variety of factors.

The fund may compare and contrast in advertising the relative advantages of investing in a mutual fund versus an individual municipal bond. Unlike tax-free mutual funds, individual municipal bonds offer a stated rate of interest and, if held to maturity, repayment of principal. Although some individual municipal bonds might offer a higher return, they do not offer the reduced risk of a mutual fund that invests in many different securities. The initial investment requirements and sales charges of many tax-free mutual funds are lower than the purchase cost of individual municipal bonds, which are generally issued in $5,000 denominations and are subject to direct brokerage costs.

In advertising materials, Fidelity may reference or discuss its products and services, which may include: other Fidelity funds; retirement investing; brokerage products and services; the effects of periodic investment plans and dollar cost averaging; saving for college; charitable giving; and the Fidelity credit card. In addition, Fidelity may quote financial or business publications and periodicals, including model portfolios or allocations, as they relate to fund management, investment philosophy, and investment techniques. Fidelity may also reprint, and use as advertising and sales literature, articles from Fidelity Focus, a quarterly magazine provided free of charge to Fidelity fund shareholders.

The fund may present its fund number, Quotron(registered trademark) number, and CUSIP number, and discuss or quote its current portfolio manager.

The fund may advertise examples of the effects of periodic investment plans, including the principle of dollar cost averaging. In such a program, an investor invests a fixed dollar amount in a fund at periodic intervals, thereby purchasing fewer shares when prices are high and more shares when prices are low. While such a strategy does not assure a profit or guard against loss in a declining market, the investor's average cost per share can be lower than if fixed numbers of shares are purchased at the same intervals. In evaluating such a plan, investors should consider their ability to continue purchasing shares during periods of low price levels.

As of October 31, 1993, FMR advised tax-free funds with a total value of over $ 25 billion. As of October 31, 1993, FMR managed 31 Spartan funds with approximately $ 20 billion in assets. According to the Investment Company Institute, over the past eight years, assets in tax-exempt funds increased from $ 45 billion in 1984 to approximately $ 182 billion at the end of 1992.

ADDITIONAL PURCHASE AND REDEMPTION INFORMATION

The fund is open for business and its net asset value per share (NAV) is calculated each day the New York Stock Exchange (NYSE) is open for trading. The NYSE has designated the following holiday closings for 1994: Washington's Birthday (observed), Good Friday, Memorial Day (observed), Independence Day, Labor Day, Thanksgiving Day, and Christmas Day (observed). Although FMR expects the same holiday schedule to be observed in the future, the NYSE may modify its holiday schedule at any time.

FSC normally determines the fund's NAV as of the close of the NYSE (normally 4:00 p.m. Eastern time). However, NAV may be calculated earlier if trading on the NYSE is restricted or as permitted by the SEC. To the extent that portfolio securities are traded in other markets on days when the NYSE is closed, the fund's NAV may be affected on days when investors do not have access to the fund to purchase or redeem shares.

If the Trustees determine that existing conditions make cash payments undesirable, redemption payments may be made in whole or in part in securities or other property, valued for this purpose as they are valued in computing the fund's NAV. Shareholders receiving securities or other property on redemption may realize a gain or loss for tax purposes, and will incur any costs of sale, as well as the associated inconveniences.

Pursuant to Rule 11a-3 under the Investment Company Act of 1940 (the 1940 Act), the fund is required to give shareholders at least 60 days' notice prior to terminating or modifying its exchange privilege. Under the Rule, the 60-day notification requirement may be waived if (i) the only effect of a modification would be to reduce or eliminate an administrative fee, redemption fee, or deferred sales charge ordinarily payable at the time of an exchange, or (ii) the fund suspends the redemption of the shares to be exchanged as permitted under the 1940 Act or the rules and regulations thereunder, or the fund to be acquired suspends the sale of its shares because it is unable to invest amounts effectively in accordance with its investment objective and policies.

In the Prospectus, the fund has notified shareholders that it reserves the right at any time, without prior notice, to refuse exchange purchases by any person or group if, in FMR's judgment, the fund would be unable to invest effectively in accordance with its investment objective and policies, or would otherwise potentially be adversely affected.

DISTRIBUTIONS AND TAXES

DISTRIBUTIONS. If you request to have distributions mailed to you and the U.S. Postal Service cannot deliver your checks, or if your checks remain uncashed for six months, Fidelity may reinvest your distributions at the then-current NAV. All subsequent distributions will then be reinvested until you provide Fidelity with alternate instructions.

DIVIDENDS. To the extent that the fund's income is derived from federally tax-exempt interest, the daily dividends declared by the fund are also federally tax-exempt. The fund will send each shareholder a notice in January describing the tax status of dividends and capital gain distributions (if any) for the prior year.

Shareholders are required to report tax-exempt income on their federal tax returns. Shareholders who earn other income, such as Social Security benefits, may be subject to federal income tax on up to one half of such benefits to the extent that their income, including tax-exempt income, exceeds certain base amounts.

The fund purchases municipal obligations based on opinions of bond counsel regarding the federal income tax status of the obligations. These opinions generally will be based upon covenants by the issuers regarding continuing compliance with federal tax requirements. If the issuer of an obligation fails to comply with its covenants at any time, interest on the obligation could become federally taxable retroactive to the date the obligation was issued.

As a result of the Tax Reform Act of 1986, interest on certain "private activity" securities (referred to as "qualified bonds" in the Internal Revenue Code) is subject to the federal alternative minimum tax (AMT), although the interest continues to be excludable from gross income for other purposes. Interest from private activity securities will be considered tax-exempt for purposes of the fund's policies of investing so that at least 80% of its income is free from federal income tax.

Interest from private activity securities is a tax preference item for the purposes of determining whether a taxpayer is subject to the AMT and the amount of AMT to be paid, if any. Private activity securities issued after August 7, 1986 to benefit a private or industrial user or to finance a private facility are affected by this rule.

CAPITAL GAIN DISTRIBUTIONS. Long-term capital gains earned by the fund on the sale of securities and distributed to shareholders are federally taxable as long-term capital gains, regardless of the length of time that shareholders have held their shares. If a shareholder receives a long-term capital gain distribution on shares of the fund and such shares are held six months or less and are sold at a loss, the portion of the loss equal to the amount of the long-term capital gain distribution will be considered a long-term loss for tax purposes. A portion of the gain on bonds purchased at a discount after April 30, 1993 and short-term capital gains distributed by the fund are federally taxable to shareholders as dividends, not as capital gains. Distributions from short-term capital gains do not qualify for the dividends-received deduction. Dividend distributions resulting from a recharacterization of gain from the sale of bonds purchased at a discount after April 30, 1993 are not considered income for purposes of the fund's policy of investing so that at least 80% of its income is free from federal income tax.

TAX STATUS OF THE FUND. The fund intends to qualify each year as a "regulated investment company" for tax purposes, so that it will not be liable for federal tax on income and capital gains distributed to shareholders. In order to qualify as a regulated investment company and avoid being subject to federal income or excise taxes at the fund level, the fund intends to distribute substantially all of its net investment income and net realized capital gains (if any) within each calendar year as well as on a fiscal year basis. The fund also intends to comply with other tax rules applicable to regulated investment companies, including a requirement that capital gains from the sale of securities held less than three months constitute less than 30% of the fund's gross income for each fiscal year. Gains from some futures contracts and options are included in this 30% calculation, which may limit the fund's investments in such instruments. The fund is treated as a separate entity from the other funds of Fidelity New York Municipal Trust for tax purposes.

NEW YORK TAX MATTERS. As long as a fund continues to qualify as a regulated investment company under the federal Code, it will not incur New York income or franchise tax liability on income and capital gains distributed to shareholders. New York personal income tax law also provides that exempt-interest dividends paid by a regulated investment company, or series thereof, from interest on obligations which are exempt from tax under New York law are excludable from gross income.

OTHER TAX INFORMATION. The information above is only a summary of some of the tax consequences generally affecting the fund and its shareholders and no attempt has been made to discuss individual tax consequences. In addition to federal income taxes, shareholders may be subject to state and local taxes on distributions received from the fund. Investors should consult their tax advisers to determine whether the fund is suitable to their particular tax situation.

FMR

FMR is a wholly owned subsidiary of FMR Corp., a parent company organized in 1972. At present, the principal operating activities of FMR Corp. are those conducted by three of its divisions as follows: FSC, which is the transfer and shareholder servicing agent for certain of the funds advised by FMR; Fidelity Investments Institutional Operations Company, which performs shareholder servicing functions for certain institutional customers; and Fidelity Investments Retail Marketing Company, which provides marketing services to various companies within the Fidelity organization.

Several affiliates of FMR are also engaged in the investment advisory business. Fidelity Management Trust Company provides trustee, investment advisory, and administrative services to retirement plans and corporate employee benefit accounts. Fidelity Management & Research (U.K.) Inc. (FMR U.K.) and Fidelity Management & Research (Far East) Inc. (FMR Far East), both wholly owned subsidiaries of FMR formed in 1986, supply investment research, and may supply portfolio management services, to FMR in connection with certain funds advised by FMR. Analysts employed by FMR, FMR U.K., and FMR Far East research and visit thousands of domestic and foreign companies each year. FMR Texas Inc., a wholly owned subsidiary of FMR formed in 1989, supplies portfolio management and research services in connection with certain money market funds advised by FMR.

TRUSTEES AND OFFICERS

The Trustees and executive officers of the trust are listed below. Except as indicated, each individual has held the office shown or other offices in the same company for the last five years. All persons named as Trustees and officers also serve in similar capacities for other funds advised by FMR. Unless otherwise noted, the business address of each Trustee and officer is 82 Devonshire Street, Boston, Massachusetts 02109, which is also the address of FMR. Those Trustees who are "interested persons" (as defined in the Investment Company Act of 1940) by virtue of their affiliation with either the trust or FMR are indicated by an asterisk (*).

*EDWARD C. JOHNSON 3d, Trustee and President, is Chairman, Chief Executive Officer and a Director of FMR Corp.; Chairman of the Board and of the Executive Committee of FMR; a Director of FMR, Chairman and a Director of FMR Texas Inc. (1989), Fidelity Management & Research (U.K.) Inc., and Fidelity Management & Research (Far East) Inc.

*J. GARY BURKHEAD, Trustee and Senior Vice President, is President of FMR; and President and a Director of FMR Texas Inc. (1989), Fidelity Management & Research (U.K.) Inc. and Fidelity Management & Research (Far East) Inc.

RALPH F. COX, 200 Rivercrest Drive, Fort Worth, TX, Trustee (1991), is President of Greenhill Petroleum Corporation (petroleum exploration and production, 1990). Prior to his retirement in March 1990, Mr. Cox was President and Chief Operating Officer of Union Pacific Resources Company (exploration and production). He is a Director of Bonneville Pacific Corporation (independent power, 1989) and CH2M Hill Companies (engineering). In addition, he served on the Board of Directors of the Norton Company (manufacturer of industrial devices, 1983-1990) and continues to serve on the Board of Directors of the Texas State Chamber of Commerce, and is a member of advisory boards of Texas A&M University and the University of Texas at Austin.

RICHARD J. FLYNN, 77 Fiske Hill, Sturbridge, MA, Trustee, is a financial consultant. Prior to September 1986, Mr. Flynn was Vice Chairman and a Director of the Norton Company (manufacturer of industrial devices). He is currently a Director of Mechanics Bank and a Trustee of College of the Holy Cross and Old Sturbridge Village, Inc.

E. BRADLEY JONES, 3881-2 Lander Road, Chagrin Falls , OH, Trustee (1990). Prior to his retirement in 1984, Mr. Jones was Chairman and Chief Executive Officer of LTV Steel Company. Prior to May 1990, he was Director of National City Corporation (a bank holding company) and National City Bank of Cleveland. He is a Director of TRW Inc. (original equipment and replacement products), Cleveland-Cliffs Inc (mining), NACCO Industries, Inc. (mining and marketing), Consolidated Rail Corporation, Birmingham Steel Corporation (1988), Hyster-Yale Materials Handling, Inc. (1989), and RPM, Inc. (manufacturer of chemical products, 1990). In addition, he serves as a Trustee of First Union Real Estate Investments; Chairman of the Board of Trustees and a member of the Executive Committee of the Cleveland Clinic Foundation, a Trustee and a member of the Executive Committee of University School (Cleveland), and a Trustee of Cleveland Clinic Florida.

DONALD J. KIRK, 680 Steamboat Road, Apartment #1-North, Greenwich, CT, Trustee, is a Professor at Columbia University Graduate School of Business and a financial consultant. Prior to 1987, he was Chairman of the Financial Accounting Standards Board. Mr. Kirk is a Director of General Re Corporation (reinsurance, 1987), the National Arts Stabilization Fund and the Greenwich Hospital Association (1989).

*PETER S. LYNCH, Trustee (1990) is Vice President of Fidelity Investments Corporate Services, Inc. (1991). Prior to his retirement on May 31, 1990, he was a Director of FMR (1989) and Executive Vice President of FMR (1987) (a position he held until March 31, 1991); Vice President of Fidelity Magellan Fund and FMR Growth Group Leader; and Managing Director of FMR Corp. Mr. Lynch is a Director of W.R. Grace & Co. (chemicals, 1989) and Morrison Knudsen Corporation (engineering and construction, 1988). In addition, he serves as a Trustee of Boston College, Massachusetts Eye & Ear Infirmary, Historic Deerfield (1989) and Society for the Preservation of New England Antiquities, and as an Overseer of the Museum of Fine Arts of Boston (1990).

GERALD C. McDONOUGH, 135 Aspenwood Drive, Cleveland, OH, Trustee (1989), is Chairman of G.M. Management Group (strategic advisory services). Prior to his retirement in July 1988, he was Chairman and Chief Executive Officer of Leaseway Transportation Corp. (physical distribution services). Mr. McDonough is a Director of ACME-Cleveland Corp. (metal working, telecommunications and electronic products, 1987), Brush-Wellman Inc. (metal refining), York International Corp. (air conditioning and refrigeration, 1989), Commercial Intertech Corp. (water treatment equipment, 1992), and Associated Estates Realty Corporation (a real estate investment trust, 1993).

EDWARD H. MALONE, 5601 Turtle Bay Drive #2104, Naples, FL, Trustee (1988). Prior to his retirement in 1985, Mr. Malone was Chairman, General Electric Investment Corporation and a Vice President of General Electric Company. He is a Director of Allegheny Power Systems, Inc. (electric utility), General Re Corporation (reinsurance) and Mattel Inc. (toy manufacturer). He is also a Trustee of Rensselaer Polytechnic Institute and of Corporate Property Investors and a member of the Advisory Boards of Butler Capital Corporation Funds and Warburg, Pincus Partnership Funds.

THOMAS R. WILLIAMS, 21st Floor, 191 Peachtree Street, N.E., Atlanta, GA, Trustee (1988), is President of The Wales Group, Inc. (management and financial advisory services). Prior to retiring in 1987, Mr. Williams served as Chairman of the Board of First Wachovia Corporation (bank holding company, 1985-1987), and Chairman and Chief Executive Officer of The First National Bank of Atlanta and First Atlanta Corporation (bank holding company, 1976-1987). He is currently a Director of BellSouth Corporation (telecommunications), ConAgra, Inc. (agricultural products), Fisher Business Systems, Inc. (computer software, 1988), Georgia Power Company (electric utility), Gerber Alley & Associates, Inc. (computer software, 1987), National Life Insurance Company of Vermont, American Software, Inc. (1989), and AppleSouth, Inc. (restaurants, 1992).

GARY L. FRENCH, Treasurer (1991). Prior to becoming Treasurer of the Fidelity funds, Mr. French was Senior Vice President, Fund Accounting - Fidelity Accounting & Custody Services Co. (1991); Vice President, Fund Accounting - Fidelity Accounting & Custody Services Co. (1990); and Senior Vice President, Chief Financial and Operations Officer - Huntington Advisers, Inc. (1985-1990).

ARTHUR S. LORING, Secretary, is Vice President and General Counsel of FMR, Vice President - Legal of FMR Corp., and Clerk of FDC.

Under a retirement program that became effective on November 1, 1989, Trustees, upon reaching age 72, become eligible to participate in a defined benefit retirement program under which they receive payments during their lifetime from the funds based on their basic trustee fees and length of service. Currently, Messrs. Robert L. Johnson, William R. Spaulding, Bertram H. Witham, and David L. Yunich participate in the program.

As of the date of this Statement of Additional Information, FMR owns the majority of the outstanding shares of the fund.

MANAGEMENT CONTRACT

The fund employs FMR to furnish investment advisory and other services. Under FMR's management contract with the fund, FMR acts as investment adviser and, subject to the supervision of the Board of Trustees, directs the investments of the fund in accordance with its investment objective, policies, and limitations. FMR also provides the fund with all necessary office facilities and personnel for servicing the fund's investments, and compensates all officers of the trust, all Trustees who are "interested persons" of the trust or of FMR, and all personnel of the trust or FMR performing services relating to research, statistical, and investment activities.

In addition, FMR or its affiliates, subject to the supervision of the Board of Trustees, provide the management and administrative services necessary for the operation of the fund. These services include providing facilities for maintaining the fund's organization; supervising relations with custodians, transfer and pricing agents, accountants, underwriters, and other persons dealing with the fund; preparing all general shareholder communications and conducting shareholder relations; maintaining the fund's records and the registration of the fund's shares under federal and state law; developing management and shareholder services for the fund; and furnishing reports, evaluations, and analyses on a variety of subjects to the Board of Trustees.

FMR is responsible for the payment of all expenses of the fund with certain exceptions. Specific expenses payable by FMR include, without limitation, the fees and expenses of registering and qualifying the trust, the fund, and its shares for distribution under federal and state securities laws; expenses of typesetting for printing the prospectus and statement of additional information; custodian charges, audit and legal expenses; insurance expense; association membership dues; and the expenses of mailing reports to shareholders, shareholder meetings, and proxy solicitations. FMR also provides for transfer agent and dividend disbursing services and portfolio and general accounting record maintenance through FSC.

FMR pays all other expenses of the fund with the following exceptions: fees and expenses of all Trustees who are not "interested persons" of the trust or FMR (the non-interested Trustees); interest on borrowings; taxes; brokerage commissions (if any); and such non-recurring expenses as may arise, including costs of any litigation to which the fund may be a party, and any obligation it may have to indemnify the officers and Trustees with respect to litigation.

FMR is the fund's manager pursuant to a management contract dated December 16, 1993, which was approved by FMR, then the sole shareholder on December 16 , 1993. For the services of FMR under the contract, the fund pays FMR a monthly management fee at the annual rate of .55 % of the fund's average net assets. FMR reduces its fee by an amount equal to the fees and expenses of the non-interested Trustees.

FMR may, from time to time, voluntarily reimburse all or a portion of the fund's operating expenses (excluding interest, taxes, brokerage commissions, and extraordinary expenses). To defray shareholder service costs, FMR or its affiliates also collect the fund's $5.00 exchange fee, $5.00 account closeout fee, and $5.00 fee for wire purchases and redemptions.

DISTRIBUTION AND SERVICE PLAN

The fund has adopted a distribution and service plan (the plan) under Rule 12b-1 under the Investment Company Act of 1940 (the Rule). The Rule provides in substance that a mutual fund may not engage directly or indirectly in financing any activity that is primarily intended to result in the sale of shares of the fund except pursuant to a plan adopted by the fund under the Rule. The Board of Trustees has adopted the plan to allow the fund and FMR to incur certain expenses that might be considered to constitute indirect payment by the fund of distribution expenses. Under the plan, if payment by the fund to FMR of management fees should be deemed to be indirect financing by the fund of the distribution of its shares, such payment is authorized by the fund's plan.

The plan specifically recognizes that FMR, either directly or through FDC, may use its management fee revenue, past profits, or other resources, without limitation, to pay promotional and administrative expenses in connection with the offer and sale of shares of the fund. In addition, the plan provides that FMR may use its resources, including its management fee revenue, to make payments to third parties that provide assistance in selling the fund's shares, or to third parties, including banks, that render shareholder support services.

The fund's plan has been approved by the Trustees. As required by the Rule, the Trustees carefully considered all pertinent factors relating to the implementation of the plan prior to its approval, and have determined that there is a reasonable likelihood that the plan will benefit the fund and its shareholders. In particular, the Trustees noted that the plan does not authorize payments by the fund other than those made to FMR under its management contract with the fund. To the extent that the plan gives FMR and FDC greater flexibility in connection with the distribution of shares of the fund, additional sales of the fund's shares may result. Additionally, certain shareholder support services may be provided more effectively under the plan by local entities with whom shareholders have other relationships. The plan was approved by FMR, as initial shareholder, on December 16 , 1993.

The Glass-Steagall Act generally prohibits federally and state chartered or supervised banks from engaging in the business of underwriting, selling, or distributing securities. Although the scope of this prohibition under the Glass-Steagall Act has not been clearly defined by the courts or appropriate regulatory agencies, FDC believes that the Glass-Steagall Act should not preclude a bank from performing shareholder support services or servicing and recordkeeping functions. FDC intends to engage banks only to perform such functions. However, changes in federal or state statutes and regulations pertaining to the permissible activities of banks and their affiliates or subsidiaries, as well as further judicial or administrative decisions or interpretations, could prevent a bank from continuing to perform all or a part of the contemplated services. If a bank were prohibited from so acting, the Trustees would consider what actions, if any, would be necessary to continue to provide efficient and effective shareholder services. In such event, changes in the operation of the fund might occur, including possible termination of any automatic investment or redemption or other services then provided by the bank. It is not expected that shareholders would suffer any adverse financial consequences as a result of any of these occurrences. The fund may execute portfolio transactions with and purchase securities issued by depository institutions that receive payments under the plan. No preference will be shown in the selection of investments for the instruments of such depository institutions. In addition, state securities laws on this issue may differ from the interpretations of federal law expressed herein, and banks and other financial institutions may be required to register as dealers pursuant to state law.

INTEREST OF FMR AFFILIATES

United Missouri is the fund's custodian and transfer agent. United Missouri has entered into a sub-contract with FSC, an affiliate of FMR, under the terms of which FSC performs the processing activities associated with providing transfer agent and shareholder servicing functions for the fund. United Missouri has an additional sub-contract with FSC, pursuant to which FSC performs the calculations necessary to determine the fund's NAV and dividends and maintains the fund's accounting records. United Missouri is entitled to reimbursement for fees paid to FSC from FMR, who must bear these costs pursuant to its management contract with the fund.

The fund has a distribution agreement with FDC, a Massachusetts corporation organized on July 18, 1960. FDC is a broker-dealer registered under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. The distribution agreement calls for FDC to use all reasonable efforts, consistent with its other business, to secure purchasers for shares of the fund, which are continuously offered at NAV. Promotional and administrative expenses in connection with the offer and sale of shares of the fund are paid by FMR.

DESCRIPTION OF THE TRUST

TRUST ORGANIZATION. Spartan New York Intermediate Municipal Portfolio is a fund of Fidelity New York Municipal Trust, an open-end management investment company organized as a Massachusetts business trust on April 25, 1983. On January 8, 1990, the trust's name was changed from Fidelity New York Tax-Free Fund to Fidelity New York Municipal Trust. Currently, there are five funds of the trust: Fidelity New York Tax-Free Insured Portfolio, Fidelity New York Tax-Free High Yield Portfolio, Spartan New York Municipal Money Market Portfolio, Spartan New York Municipal High Yield Portfolio, and Spartan New York Intermediate Municipal Portfolio. The Declaration of Trust permits the Trustees to create additional funds.

In the event that FMR ceases to be the investment adviser to the trust or a fund, the right of the trust or fund to use the identifying names "Fidelity" and "Spartan" may be withdrawn.

The assets of the trust received for the issue or sale of shares of each fund and all income, earnings, profits, and proceeds thereof, subject only to the rights of creditors, are especially allocated to such fund, and constitute the underlying assets of such fund. The underlying assets of each fund are segregated on the books of account, and are to be charged with the liabilities with respect to such fund and with a share of the general expenses of the trust. Expenses with respect to the trust are to be allocated in proportion to the asset value of the respective funds, except where allocations of direct expense can otherwise be fairly made. The officers of the trust, subject to the general supervision of the Board of Trustees, have the power to determine which expenses are allocable to a given fund, or which are general or allocable to all of the funds. In the event of the dissolution or liquidation of the trust, shareholders of each fund are entitled to receive as a class the underlying assets of such fund available for distribution.

SHAREHOLDER AND TRUSTEE LIABILITY. The trust is an entity of the type commonly known as a "Massachusetts business trust." Under Massachusetts law, shareholders of such a trust may, under certain circumstances, be held personally liable for the obligations of the trust. The Declaration of Trust provides that the trust shall not have any claim against shareholders except for the payment of the purchase price of shares and requires that each agreement, obligation, or instrument entered into or executed by the trust or its Trustees shall include a provision limiting the obligations created thereby to the trust and its assets. The Declaration of Trust provides for indemnification out of each fund's property of any shareholders held personally liable for the obligations of the fund. The Declaration of Trust also provides that each fund shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the fund and satisfy any judgment thereon. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the fund itself would be unable to meet its obligations. FMR believes that, in view of the above, the risk of personal liability to shareholders is remote.

The Declaration of Trust further provides that the Trustees, if they have exercised reasonable care, will not be liable for any neglect or wrongdoing, but nothing in the Declaration of Trust protects a Trustee against any liability to which they would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of their office.

Any delay in repayment to a lending fund could result in a lost investment opportunity or additional borrowing costs.

VOTING RIGHTS. The fund's capital consists of shares of beneficial interest. The shares have no preemptive or conversion rights; voting and dividend rights, the right of redemption, and the privilege of exchange are described in the Prospectus. Shares are fully paid and nonassessable, except as set forth under the "Shareholder and Trustee Liability" heading above. Shareholders representing 10% or more of the trust or one of its funds may, as set forth in the Declaration of Trust, call meetings of the trust or fund for any purpose related to the trust or fund, as the case may be, including, in the case of a meeting of the entire trust, the purpose of voting on removal of one or more Trustees.

The trust or any fund may be terminated upon the sale of its assets to another open-end management investment company or series thereof, or upon liquidation and distribution of its assets. Generally, such terminations must be approved by vote of the holders of a majority of the outstanding shares of the trust or the fund. If not so terminated, the trust and its funds will continue indefinitely.

CUSTODIAN. United Missouri Bank, N.A. 1010 Grand Avenue, Kansas City, Missouri is custodian of the assets of the fund. The custodian is responsible for the safekeeping of the fund's assets and the appointment of subcustodian banks and clearing agencies. The custodian takes no part in determining the investment policies of the fund or in deciding which securities are purchased or sold by the fund. The fund may, however, invest in obligations of the custodian and may purchase securities from or sell securities to the custodian.

FMR, its officers and directors, its affiliated companies, and the trust's Trustees may from time to time have transactions with various banks, including banks serving as custodian for certain of the funds advised by FMR. Transactions that have occurred to date include mortgages and personal and general business loans. In the judgment of FMR, the terms and conditions of those transactions were not influenced by existing or potential custodial or other fund relationships.

AUDITOR. Price Waterhouse serves as the trust's independent accountant. The auditor examines financial statements for the fund and provides other audit, tax, and related services.

APPENDIX

DOLLAR-WEIGHTED AVERAGE MATURITY is derived by multiplying the value of each investment by the number of days remaining to its maturity, adding these calculations, and then dividing the total by the value of the fund's portfolio. An obligation's maturity is typically determined on a stated final maturity basis, although there are some exceptions to this rule.

For example, if it is probable that the issuer of an instrument will take advantage of a maturity-shortening device, such as a call, refunding, or redemption provision, the date on which the instrument will probably be called, refunded, or redeemed may be considered to be its maturity date. When a municipal bond issuer has committed to call an issue of bonds and has established an independent escrow account that is sufficient to, and is pledged to, refund that issue, the number of days to maturity for the prerefunded bond is considered to be the number of days to the announced call date of the bonds.

The descriptions that follow are examples of eligible ratings for the fund. The fund may, however, consider the ratings for other types of investments and the ratings assigned by other rating organizations when determining the eligibility of a particular investment.

DESCRIPTION OF MOODY'S INVESTORS SERVICE, INC.'S RATINGS OF STATE AND MUNICIPAL NOTES:

Moody's ratings for state and municipal and other short-term obligations will be designated Moody's Investment Grade (MIG, or VMIG for variable rate obligations). This distinction is in recognition of the difference between short-term credit risk and long-term credit risk. Factors affecting the liquidity of the borrower and short-term cyclical elements are critical in short-term ratings, while other factors of major importance in bond risk, long-term secular trends for example, may be less important over the short run. Symbols used will be as follows:

MIG-1/VMIG-1 - This designation denotes best quality. There is present strong protection by established cash flows, superior liquidity support or

demonstrated broad-based access to the market for refinancing.
MIG-2/VMIG-2 - This designation denotes high quality. Margins of protection are ample although not so large as in the preceding group.
MIG-3/VMIG-3 - This designation denotes favorable quality, with all security elements accounted for but there is lacking the undeniable strength of the preceding grades. Liquidity and cash flow protection may be narrow and market access for refinancing is likely to be less well established.
MIG-4/VMIG-4 - This designation denotes adequate quality protection commonly regarded as required of an investment security is present and, although not distinctly or predominantly speculative, there is specific risk.
DESCRIPTION OF STANDARD & POOR'S CORPORATION'S RATINGS OF STATE AND MUNICIPAL NOTES:
SP-1 - Very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.
SP-2 - Satisfactory capacity to pay principal and interest.
SP-3 - Speculative capacity to pay principal and interest.
DESCRIPTION OF MOODY'S INVESTORS SERVICE, INC.'S MUNICIPAL BOND RATINGS:
AAA - Bonds rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.
AA - Bonds rated Aa are judged to be of high quality by all standards. Together with Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.
A - Bonds 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 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 rated Ba are judged to have speculative elements. Their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times in the future. Uncertainty of position characterizes bonds in this class.
Those bonds in the Aa, A, Baa, Ba, and B groups which Moody's believes possess the strongest investment attributes are designated by the symbols Aa1, A1, Baa1, Ba1, and B1.
DESCRIPTION OF STANDARD & POOR'S CORPORATION'S MUNICIPAL BOND RATINGS:
AAA - Debt rated AAA has the highest rating assigned by Standard & Poor's to a debt obligation. Capacity to pay interest and repay principal is extremely strong.
AA - Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the highest-rated debt issues only in small degree.
A - Debt rated A has a strong capacity to pay interest and repay principal, although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions.
BBB - Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits 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 debt in this category than in higher-rated categories.
BB - Debt rated BB has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments.
B - Debt rated B has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The B rating category is also used for debt subordinated to senior debt that is assigned an actual or implied BB or BB- rating.
The ratings from AA to CCC may be modified by the addition of a plus or minus to show relative standing within the major rating categories.