

SECURITIES AND EXCHANGE COMMISSION

FORM N-8B-2/A

Initial registration statement for unit investment trusts filed on Form N-8B-2 [amend]

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FILER

**FIDELITY UNIT INVESTMENT TRUSTS**

CIK: **948251** | State of Incorporation: **NY** | Fiscal Year End: **1231**  
Type: **N-8B-2/A** | Act: **40** | File No.: **811-07349** | Film No.: **95595274**

Mailing Address  
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BOSTON MA 02109

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BOSTON MA 02109  
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As filed with the Securities and Exchange Commission on November 21, 1995  
Securities and Exchange Commission  
Washington, D.C. 20549  
Amendment No. 2 to  
Form N-8B-2  
File No. 811-07349  
Registration Statement of Unit Investment Trust  
Pursuant to Section 8(b) of the  
Investment Company Act of 1940  
Fidelity Unit Investment Trusts  
(and Subsequent Trusts and Similar Series of Trusts)  
Not the Issuer of Periodic payment plan certificates

I. Organization and General Information

1. (a) Furnish name of the trust and the Internal Revenue Service Employer Identification Number. (According to security designation or otherwise, if the trust does not have or does not transact business under any other designation.)

Fidelity Unit Investment Trusts.  
The Trust has no Internal Revenue Service  
Employer Identification Number

(b) Furnish title of each class or series of securities issued by the  
Trust.

Certificate of Ownership

- evidencing -  
An Undivided Interest  
- in the -

Fidelity Defined Trusts, Series 1

2. Furnish name and principal business address and zip code and the  
Internal Revenue Service Employer Identification Number of each depositor  
of the trust.

National Financial Services Corporation (04-2785576)  
World Trade Center  
164 Northern Avenue ZT3  
Boston, MA 02210

3. Furnish name and principal business address and zip code and the  
Internal Revenue Service Employer Identification Number of each custodian  
or trustee of the trust indicating for which class or series of securities  
each custodian or trustee is acting.

The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, New York  
10081.

Internal Revenue Service Employer Identification  
Number is: 13-2633612

is the Trustee of the trust acting for the series of securities mentioned

in the answer to Item 1(b) herein.

4. Furnish name and principal business address and zip code and the Internal Revenue Service Employer Identification Number of each principal underwriter currently distributing securities of the trust.

None at the date hereof. It is expected that a group of underwriters will be formed to distribute securities of the trust. The Manager of such group will be Fidelity Brokerage Services, Inc. (04-2653569), World Trade Center, 164 Northern Avenue, ZT3, Boston, Massachusetts 02210.

5. Furnish name of state or other sovereign power, the laws of which govern with respect to the organization of the trust.

State of New York.

6. (a) Furnish the date of execution and termination of any indenture or agreement currently in effect under the terms of which the trust was organized and issued or proposes to issue securities. (If individual indentures or agreements are entered into with security holders, so state and furnish the date of the first such indenture or agreement.)

The form of Trust Indenture and Agreements proposed to be entered into between National Financial Services Corporation, as Depositor and Evaluator, and The Chase Manhattan Bank, N.A., as Trustee, under the terms of which the trusts for series 1 and subsequent series will be created and the securities for series 1 and subsequent series described in Item 1(b) will be issued, is filed as Exhibit A(1) hereto. It is expected that the Trust Indenture and Agreements for series 1 and subsequent series will be entered into immediately prior to the filing of an amendment of the Registration Statement on Form S-6 under the Securities Act of 1933 filed for each series of Fidelity Defined Trusts, and the securities comprising the portfolio will be listed in the Trust Indenture and Agreement and in the Prospectus, and said securities will not be selected until at or about the date of their deposit. The Trust Indenture and Agreement provides (or will provide) that in no event shall the trust continue beyond December 31 of the year following the fiftieth anniversary of the execution of the Trust Indenture and Agreement.

(b) Furnish the dates of execution and termination of any indenture or agreement currently in effect pursuant to which the proceeds of payments on securities issued or to be issued by the trust are held by the custodian or trustee.

None, except as set forth in Item 6(a).

7. Furnish in chronological order the following information with respect to each change of name of the trust since January 1, 1930. If the name has never been changed, so state.

Former Name : Approximate Date of Change

None.

8. State the date on which the fiscal year of the trust ends.

December 31.

#### MATERIAL LITIGATION

9. Furnish a description of any pending legal proceedings, material with respect to the security holders of the trust by reason of the nature of the claim or the amount thereof, to which the trust, the depositor, or the principal underwriter is a party or of which the assets of the trust are the subject, including the substance of the claims involved in such proceeding and the title of the proceeding. Furnish a similar statement

with respect to any pending administrative proceeding commenced by a governmental authority or any such proceeding or legal proceeding known to be contemplated by a governmental authority. Include any proceeding which, although immaterial itself, is representative of, or one of, a group which in the aggregate is material.

None.

## II. General Description of the Trust and Securities of the Trust

### GENERAL INFORMATION CONCERNING THE SECURITIES OF THE TRUST AND THE RIGHTS OF HOLDERS

10. Furnish a brief statement with respect to the following matters for each class or series of securities issued by the trust:

(a) Whether the securities are of the registered or bearer type.

Registered.

(b) Whether the securities are of the cumulative or distributive type.

Distributive.

(c) The rights of security holders with respect to withdrawal or redemption.

See answer to Item (d), below.

(d) The rights of security holders with respect to conversion, transfer, partial redemption, and similar matters.

Unit holders may redeem their Units at any time. Redemption shall be made by the Trustee on the third business day following the day on which a Tender for Redemption is received (the "Redemption Date") by payment of cash equivalent to the Redemption Price for such Trust multiplied by the number of units being redeemed. The Right of Redemption may be suspended and payment postponed (1) for any period during which the New York Stock Exchange is closed, other than customary weekend and holiday closings, or during which (as determined by the Securities and Exchange Commission) trading on the New York Stock Exchange is restricted; (2) for any period during which an emergency exists as a result of which disposal by the Trustee of Securities is not reasonably practicable or is not reasonably practicable to fairly determine the value of the underlying Securities in accordance with the Trust Agreements; or (3) for such other period as the Securities and Exchange Commission may by order permit. After the initial offering, while not obligated to do so, the Depositor intends to, and certain of the dealers may, subject to change any time, maintain a market for Units of the Trusts offered hereby and to continuously offer to purchase said Units at prices, determined by the Evaluator, based on the aggregate bid prices of the underlying Securities in such Trusts, together with accrued interest to the expected dates of settlement.

Units are transferrable by making a written request to the Trustee and, in the case of Units evidenced by Certificate, by presenting and surrendering such Certificates to the Trustee properly endorsed or accompanied by a written instrument or instruments of transfer.

(e) If the trust is the issuer of periodic payment plan certificates, the substance of the provisions of any indenture or agreement with respect to lapses or defaults by security holders in making principal payments, and with respect to reinstatement.

Not applicable.

(f) The substance of the provisions of any indenture or agreement with

respect to voting rights, together with the names of any persons other than security holders given the right to exercise voting rights pertaining to the trust's securities or the underlying securities and the relationship of such persons to the trust.

Each of the Trusts will be created under the laws of the State of New York pursuant to a trust indenture dated the initial date of deposit of the Trust (the "Trust Agreements") between the Depositor and Trustee. The Trust Agreements may be amended by the Trustee and the Depositor without the consent of any of the Unitholders:

- (1) to cure any ambiguity or to correct or supplement any provisions which may be defective or inconsistent;
- (2) to change any provision thereof as may be required by the Securities and Exchange Commission or any successor governmental agency; or
- (3) to make such provisions as shall not adversely affect the interests of the Unitholders.

The Trust Agreements with respect to the Trusts may also be amended in any respect by the Depositor and the Trustee, or any of the provisions thereof may be waived, with the consent of the holders of Units representing 66-2/3% of the Units then outstanding of such Trust, provided that no such amendment or waiver will reduce the interest of any Unitholder thereof without the consent of such Unitholder or reduce the percentage of Units required to consent to any such amendment or waiver without the consent of all Unitholders of the Trust. In no event shall any Trust Agreement be amended to increase the number of Units of Trust issuable thereunder or to permit, except in accordance with the provisions of such Trust Agreement, the acquisition of any Securities in addition to or in substitution for those initially deposited in a Trust. A Trust may be terminated at any time by the Unitholders representing 66-2/3% of the Units thereof then outstanding.

No Unitholder shall have the right to control the operation and management of any Trust in any manner, except to vote with respect to the amendment of the Trust Agreements or termination of any Trust. Nor shall any Unitholders have the right to vote any voting securities, if any, contained in a Trust's portfolio.

The information set forth above has been derived from statements in Exhibit D filed herewith under the captions "Trust Administration-Amendment and Termination" and "Unitholders-Rights of Unitholders."

(g) Whether security holders must be given notice of any change in:

- (1) the composition of the assets in the trust.

Yes.

- (2) the terms and conditions of the securities issued by the trust.

Yes.

- (3) the provisions of any indenture or agreement of the trust.

Yes.

- (4) the identity of the depositor, trustee or custodian.

Yes.

(h) Whether the consent of security holders is required in order for action to be taken concerning any change in:

- (1) the composition of the assets of the trust.

No.

(2) the terms and conditions of the securities issued by the trust.

No.

(3) the provisions of any indenture or agreement of the trust.

Reference is made to the information provided in answer to Item 10(f) above.

(4) the identity of the depositor, trustee or custodian.

No.

(i) Any other principal feature of the securities issued by the trust or any other principal right, privilege or obligation not covered by subdivisions (a) to (g) or by any other items in this form.

None.

#### INFORMATION CONCERNING THE SECURITIES UNDERLYING THE TRUST'S SECURITIES

11. Describe briefly the kind or type of securities comprising the unit of specified securities in which security holders have an interest.

Each Trust will consist of common stocks, preferred stocks, bonds, notes, other fixed income securities, other evidences of indebtedness, certificates of participation, mortgage-backed securities or other obligations issued or guaranteed by the United States of America or by any agency or instrumentality thereof (plus Contract Obligations, Replacement Securities, Replacement Contract Obligations, additional Securities and Substitute Securities, if any) (collectively referred to herein as the "Securities") all undistributed interest received or accrued thereon and any undistributed cash realized from the sale, redemption or other disposition of the Securities deposited in the Trust. Certain series of the Trust may elect to qualify for "regulated investment company" treatment under the Internal Revenue Code of 1954, as amended (the "Code") by designating such election in the applicable Trust Indenture for such series; otherwise series of the Trust will be structured so that they are not associations taxable as corporations under the Code.

12. If the trust is the issuer of periodic payment plan certificates and if any underlying securities were issued by another investment company, furnish the following information for each such company:

(a) Name of company.

(b) Name and principal business address of depositor.

(c) Name and principal business address of trustee or custodian.

(d) Name and principal business address of principal underwriter.

(e) The period during which the securities of such company have been the underlying securities.

Not applicable.

#### INFORMATION CONCERNING LOADS, FEES, CHARGES AND EXPENSES

13. (a) Furnish the following information with respect to each load, fee, expense or charge to which (1) principal payments, (2) underlying securities, (3) distributions, (4) cumulated or reinvested distributions or income, and (5) redeemed or liquidated assets of the trust's securities are subject:

(A) the nature of such load, fee, expense or charge;

(B) the amount thereof;

(C) the name of the person to whom such amounts are paid and his relationship to the trust;

(D) the nature of the services performed by such person in consideration

for such load, fee, expense or charge

Units of the Trusts are offered at the Public Offering Price thereof. During the initial offering period, the Public Offering Price per Unit is equal to the aggregate of the offering side evaluations of the Securities in the respective Trust, plus or minus a pro rata share of cash, if any, in the Principal Account held or owned by such Trust plus accrued interest plus the applicable sales charge referred to in "Public Offering of Units - Public Offering Price" in the Trust's Prospectus divided by the number of outstanding Units of such Trust. The Public Offering Price for secondary market transactions is based on the aggregate bid side evaluations of the Securities in a Trust, plus or minus cash, if any, in the Principal Account held or owned by such Trust, plus accrued interest plus a sales charge based upon the dollar weighted average maturity of such Trust. The sales load paid per unit will be remitted to the Depositor or an affiliate of the Sponsor. The sales load is expected to vary from Trust to Trust depending upon the type of underlying securities included in a Trust's portfolio and a Trust's maturity. The initial offering period for a Trust will last until such time as the total number of Units created are sold.

Units will be sold through dealers who are members of the National Association of Security Dealers, Inc., and through others. Sales may be made to or through dealers at prices which represent discounts from the public offering price. Certain commercial banks are making Units of Trust funds available to their customers on an agency basis. A portion of the sales charge paid by their customers is retained by or remitted to the Banks.

The Depositor will receive gross sales charges equal to a percentage of the public offering price and will pay a fixed portion of such sales charges to dealers and agents. In addition, the Depositor may realize a profit or a loss resulting from the difference between the purchase prices of the Securities to the Depositor and the costs of such Securities to a Trust, which is based on the offering side evaluation of the Securities. The Depositor may also realize profits or losses with respect to Securities deposited in a Trust which were acquired from Underwriting Syndicates of which the Depositor was a member. The Depositor may realize additional profits or losses during the initial offering period on unsold Units as a result of changes in the daily evaluation of the Securities in a Trust.

The Depositor will charge the Trust a Surveillance Fee for services performed for monitoring the underlying securities of the Trusts but in no event will such compensation, when combined with all compensation received from other unit investment trusts for which the Depositor both acts as Sponsor and provides portfolio surveillance, exceed the aggregate cost to the Depositor for providing such services.

The Trustee receives for its services, a fee calculated monthly and based on the largest aggregate principal amount of the Securities in a Trust at any time during the period. In no event shall the Trustee be paid less than \$2,000 per Trust in any one year. Funds that are available for future distributions, redemptions and payments of expenses are held in accounts which are non-interest bearing to Unitholders and are available for use by the Trustee pursuant to normal Trust procedures.

For providing evaluations of Securities in each Trust, the Evaluator shall

receive a fee, as set forth in "Essential Information" in the Prospectus for each Trust, payable monthly, based upon the largest aggregate principal amount of Securities in any such Trust at any time during such monthly period.

The Trustee's and Evaluator's fee may be increased without approval of Unitholders by amounts not exceeding a proportionate increase in the Consumer Price Index entitled All Services Less Rent of Shelter, published by the U.S. Department of Labor or any equivalent index substituted therefor. In addition, the Trustee's Fees may be periodically adjusted in response to fluctuations in short-term interest rates (reflecting the cost to the Trustee of advancing funds to a Trust to meet scheduled distributions).

Expenses incurred in establishing the Trust, including the cost of initial preparation of documents relating to the Trust, Federal and State registration fees, the initial fees and expenses of the Trustee, legal expenses and any other non-material out-of-pocket expenses, will be paid by the Trust and amortized over the lessor of five years or the life of the Trust.

The information set forth above has been extracted from statements in Exhibit D filed herewith under the captions, "Public Offering of Units-Public Offering Price; -Public Distribution of Units; - Profits of Sponsor," "Trust Expenses" and "Distribution Reinvestment."

(b) For each installment payment type of periodic payment plan certificate of the trust, furnish the following information with respect to sales load and other deductions from principal payments.

Not applicable.

(c) State the amount of total deductions as a percentage of the net amount invested for each type of security issued by the trust. State each different sales charge available as a percentage of the public offering price and as a percentage of the net amount invested. List any special purchase plans or methods established by rule or exemptive order that reflect scheduled variations in, or elimination of, the sales load and identify each class of individuals or transactions to which such plans apply.

A reduced sales charge resulting from quantity discounts will apply to all purchases of Units on any one day by the same Purchaser from the same broker or dealer and for this purpose purchases of Units of a Trust will be aggregated with concurrent purchases of any Units of any other unit investment trust that may be offered by the Depositor. The reduced sales charge will also be applicable to a Trust or other fiduciary purchasing for a single trust estate or single fiduciary account. The Depositor intends to permit officers, directors and employees of the Depositor and Evaluator and at the discretion of the Depositor registered representatives of selling firms to purchase Units of a Trust without a sales charge although a transaction processing fee may be imposed on such trades. In addition, investors who purchase Units through brokers or dealers pursuant to a current management agreement which by contract or operation of law does not allow such broker or dealer to earn an additional commission (other than any fee or commission paid for maintenance of such investors account under the management agreement) on such transactions may purchase such Units at the current Public Offering Price net of the applicable broker or dealer



concession set forth in the Prospectus for the Trust. Such reduced sales charges have been implemented in order to competitively price large quantity orders and to encourage investment in the Depositor's products by employees. The amounts of such reduction, when determined, will appear in the Prospectus under the caption "Public Offering of Units - Public Offering Price".

The information set forth above has been extracted from statements in Exhibit D filed herewith under the captions "Public Offering of Units-Public Offering Price; -Public Distribution of Units; - Profits of Sponsor" and "Essential Information."

(d) Explain fully the reasons for any difference in the price at which securities are offered generally to the public, and the price at which securities are offered for any class of transactions to any class or group of individuals, including officers, directors, or employees of the depositor, trustee, custodian or principal underwriters.

Reference is made to the information provided in answer to Item 13(c) above.

(e) Furnish a brief description of any loads, fees, expenses or charges not covered in Item 13(a) which may be paid by security holders in connection with the trust or its securities.

The Trustee may require a Unitholder to pay a reasonable fee, to be determined in the sole discretion of the Trustee, for each certificate reissued or transferred and to pay any governmental charge that may be imposed in connection with each such transfer or interchange. The Trustee at the present time does not intend to charge for the normal transfer or interchange of certificates. Destroyed, stolen, mutilated or lost certificates will be replaced upon delivery to the Trustee of satisfactory indemnity (generally amounting to 3% of the market value of the Units), affidavit of loss, evidence of ownership and payment of expenses incurred.

For additional information concerning these matters, reference is made to the answer to Item 13(a).

(f) State whether the depositor, principal underwriter, custodian or trustee, or any affiliated person of the foregoing may receive profits or other benefits not included in answer to Item 13(a) or 13(d) through the sale or purchase of the trust's securities or interests in such securities, or underlying securities or interests in underlying securities, and describe fully the nature and extent of such profits or benefits.

Certain Unitholders of a Trust may elect to have distributions of principal (including capital gains, if any) or interest or both automatically invested without charge in shares of any mutual fund which is registered in such Unitholder's state of residence and is advised by Fidelity Management and Research Company, an affiliate of the Depositor (the "Fidelity Funds"), other than those Fidelity funds sold with a contingent deferred sales charge.

Reference is made to the information provided in answer to Item 13(a) for further information.

(g) State the percentage that the aggregate annual charges and deductions for maintenance and other expenses of the trust bear to the dividend and interest income from the trust property during the period covered by the financial statements filed herewith.

Not applicable.

#### INFORMATION CONCERNING THE OPERATIONS OF THE TRUST

14. Describe the procedure with respect to applications (if any) and the issuance and authentication of the trust's securities, and state the substance of the provisions of any indenture or agreement pertaining thereto.

Each of the Trusts will be created under the laws of the State of New York pursuant to a Trust Agreement dated the initial date of deposit of the Trust between the Depositor and Trustee. On the initial date of deposit, the Depositor delivered to the Trustee Securities or contracts for the purchase thereof for deposit in the Trusts. In exchange for the Securities so deposited, the Trustee delivered to the Depositor documentation evidencing the ownership of that number of Units set forth in the Prospectus for such Trust. Each Trust initially consists of delivery statements (i.e., contracts) to purchase obligations. The Depositor has a limited right of substitution for such Securities in the event of a failed contract.

15. Describe the procedure with respect to the receipt of payments from purchasers of the trust's securities and the handling of the proceeds thereof, and state the substance of the provisions of any indenture or agreement pertaining thereto.

Reference is made to the information provided in answer to Item 13(a).  
16. Describe the procedure with respect to the acquisition of underlying securities and the disposition thereof, and state the substance of the provisions of any indenture or agreement pertaining thereto.

On the initial date of deposit, the Depositor will deliver to the Trustee Securities or contracts for the purchase thereof for deposit in the Trusts. In exchange for the Securities so deposited, the Trustee will deliver to the Depositor documentation evidencing the ownership of that number of Units set forth in the Prospectus for such Trust. Each Trust initially consists of delivery statements (i.e., contracts) to purchase obligations. The Depositor has a limited right of substitution for such Securities in the event of a failed contract. Additional Units of a Trust may be issued from time to time following the initial date of deposit by depositing in such Trust additional Securities or contracts for the purchase thereof together with irrevocable letters of credit or cash. As additional Units are issued by a Trust as a result of the deposit of additional Securities by the Depositor, the aggregate value of the Securities in the Trust will be increased and the fractional undivided interest in the Trust represented by each Unit will be decreased. The Depositor may continue to make additional deposits of Securities into a Trust following the initial date of deposit, provided that such additional deposits will be in principal amounts which will maintain the same original percentage relationship among the principal amounts of the Securities in such Trust established on the initial date of deposit of the Securities.

The Depositor may not alter the portfolios of the Trusts by the purchase, sale or substitution of Securities, except in the circumstances noted below. Thus, with the exception of redemption or maturity of Securities in accordance with their terms (and reinvestments made in connection with a Rolling Government Series), the assets of the Trust will remain unchanged under normal circumstances.

The Depositor may direct the Trustee to dispose of Securities, the value of which has been affected by certain adverse events, including the institution of certain legal proceedings or the occurrence of other market factors, including an advanced refunding, so that in the opinion of the Depositor the retention of such Securities in the Trust would be detrimental to the interest of Unitholders. Such Securities will not, however, be sold to take advantage of fluctuations in market price. In addition, the Depositor will instruct the Trustee to dispose of certain Securities and to take such further action as may be needed from time to time to ensure that a Rolling Government Series continues to satisfy the qualifications of a regulated investment company, including the requirements with respect to diversification under Section 851 of the Internal Revenue Code. The proceeds from any such sales, exclusive of any portion which represents accrued interest, will be credited to the Principal Account of such Trust for distribution to Unitholders.

The Depositor is required to instruct the Trustee to reject any offer made by any issuers of Securities to issue new obligations in exchange or substitution for any of such Securities pursuant to a refunding financing plan, except that the Depositor may instruct the Trustee to accept or reject such an offer or to take any other action with respect thereto as the Depositor may deem proper if (i) the issuer is in default with respect to such Securities, or (ii) in the written opinion of the Depositor, the issuer will probably default with respect to such Securities in the reasonably foreseeable future. Any obligation so received in exchange or substitution will be held by the Trustee subject to the terms and conditions of the Trust Agreement to the same extent as Securities originally deposited thereunder. In addition, the Trustee may sell Securities, designated by the Depositor, from a Trust for the purpose of redeeming Units of such Trust tendered for redemption and the payment of expenses.

For additional information concerning these matters, reference is made to information provided in answer to Item 11 above.

17. (a) Describe the procedure with respect to withdrawal or redemption by security holders.

(b) Furnish the names of any persons who may redeem or repurchase, or are required to redeem or repurchase, the trust's securities or underlying securities from security holders, and the substance of the provisions of any indenture or agreement pertaining thereto.

(c) Indicate whether repurchased or redeemed securities will be cancelled or may be resold.

A Unitholder who does not dispose of Units in the secondary market (as described in response to Item 10(d) above) may cause Units to be redeemed by the Trustee by making a written request to the Trustee, and, in the case of Units evidenced by a certificate, by tendering such certificate to the Trustee, properly endorsed or accompanied by a written instrument or instruments of transfer in a form satisfactory to the Trustee. Redemption shall be made by the Trustee on the third business day following the day on which a tender for redemption is received (the "Redemption Date") by payment of cash equivalent to the Redemption Price for such Trust (determined as set forth in response to Item 46(a) below), as of the evaluation time stated in the Trust's prospectus, multiplied by the number

of Units being redeemed. Any Units redeemed shall be canceled and any undivided fractional interest in the Trust extinguished.

Any amounts paid on redemption representing interest shall be withdrawn from the Interest Account for such Trust, to the extent that funds are available for such purpose, then from the Capital Account. All other amounts paid on redemption shall be withdrawn from the Principal Account for such Trust. The Trustee is empowered to sell Securities for a Trust in order to make funds available for the redemption of Units of such Trust. Reference is made to the statements in answer to Item 10(d) above for additional information.

18. (a) Describe the procedure with respect to the receipt, custody and disposition of the income and other distributable funds of the trust and state the substance of the provisions of any indenture or agreement pertaining thereto.

Interest received by each Trust, including any portion of the proceeds from a disposition of Securities which represents accrued interest, is credited by the Trustee to the Interest Account for such Trust. All other receipts are credited by the Trustee to a separate Principal Account for the Trust. The Trustee normally has no cash for distribution to Unitholders until it receives interest payments on the Securities comprising the Trust. Since interest usually is paid semi-annually (monthly in the case of a GNMA Portfolio), during the initial months of the Trust, the Interest Account of each trust, consisting of accrued but uncollected interest and collected interest (cash), will be predominantly the uncollected accrued interest that is not available for distribution. thereafter, assuming the Trust retains its original size and composition, after deduction of the fees and expenses of the Trustee, the Depositor and Evaluator and reimbursements (without interest) to the Trustee for any amounts advanced to a Trust, the Trustee will normally distribute on each interest distribution date (the 20th of the month) or shortly thereafter to Unitholders of record of such Trust on the preceding record date (which is the 10th day of each month).

In connection with GNMA portfolios only, the terms of the Ginnie Mae Securities provide for payment to the holders thereof (including a GNMA Portfolio) on the 15th day of each month of amounts collected by or due to the Issuers thereof with respect to the underlying mortgages during the preceding month. The Trustee will collect the Interest due a GNMA Portfolio on the Securities therein as it becomes payable and credit such interest to a separate Interest Account for such GNMA Portfolio created by the Trust Agreement. Distributions will be made to each Unitholder of record of a GNMA Portfolio on the appropriate distribution date and will consist of an amount substantially equal to each Unitholders pro rata share of the cash balances, if any, in the Interest Account and the Principal Account of such GNMA Portfolio, computed as of the close of business on the preceding record date.

(b) Describe the procedure, if any, with respect to the reinvestment of distributions to security holders and state the substance of the provisions of any indenture or agreement pertaining thereto.

Reference is made to the information provided in answer to Item 13(f).

(c) If any reserves or special funds are created out of income or

principal, state with respect to each such reserve or fund the purpose and ultimate disposition thereof, and describe the manner of handling the same. The Trustee may withdraw from the Principal Account or the Interest Account of any Trust such amounts, if any, as it deems necessary to establish a reserve for any taxes or other governmental charges or other extraordinary expenses payable out of the Trust. Amounts so withdrawn shall be credited to a separate account maintained for a Trust known as the Reserve Account and shall not be considered a part of the Trust when determining the value of the Units until such time as the Trustee shall return all or any part of such amounts to the appropriate account upon a determination by the Trustee that such reserve amounts are no longer necessary.

(d) Submit a schedule showing the periodic and special distributions which have been made to security holders during the three years covered by the financial statements filed herewith. State for each such distribution the aggregate amount and amount per share. If distributions from sources other than current income have been made, identify each such other source and indicate whether such distribution represents the return of principal payments to security holders. If payments other than cash were made, describe the nature thereof, the account charged and the basis of determining the amount of such charge.

Not applicable.

19. Describe the procedure with respect to the keeping of records and accounts of the trust, the making of reports and the furnishing of information to security holders, and The substance of the provision of any indenture or agreement pertaining thereto.

With each distribution, the Trustee will furnish or cause to be furnished to each Unitholder a statement of the amount of interest and the amount of other receipts, if any, which are being distributed, expressed in each case as a dollar amount per unit.

The accounts of each Trust are required to be audited annually, at the Trust's expense, by independent auditors designated by the Depositor, unless the Depositor determines that such an audit would not be in the best interest of the Unitholders of such Trusts. The accountant's, report will be furnished by the Trustee to any Unitholder of such Trust upon written request. Within a reasonable period of time after the end of each calendar year, the Trustee shall furnish to each person who at any time during the calendar year was the Unitholder of the Trust, a statement, covering the calendar year, setting forth the applicable Trust:

(a) As to the Interest Account:

(1) the amount of interest received on the Securities;

(2) the amount paid from the Interest Account representing accrued interest of any Units redeemed;

(3) the deductibles from the Interest Account for applicable taxes, if any, fees and expenses (including auditing fees) of the Trustee, the Depositor, the Evaluator, and, if any, of bond counsel;

(4) any amounts credited by the Trustee to the Reserve Account;

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

(b) As to the Principal Account:

(1) the dates of the maturity, liquidation or redemption of any of the Securities and the net proceeds received therefrom excluding any portion credited to the Interest Account;

(2) the amount paid from the Principal Account representing the principal of any Units redeemed;

(3) the deductions from the Principal Account for payment of applicable taxes, if any, fees and expenses (including auditing fees) of the Trustee, the Depositor, the Evaluator, and, if any, of bond counsel;

(4) the amount of when issued interest treated as a return of capital, if any;

(5) any amounts credited by the Trustee to the Reserve Account;

(6) the net amount remaining after distributions of principal and deductions expressed both as a dollar amount and as a dollar amount per Unit outstanding on the last business day of the calendar year; and

(c) The following information:

(1) a list of the Securities as of the last business day of such calendar year;

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

(3) the redemption price based on the last evaluation made during such calendar year;

(4) the amount actually distributed during such calendar year from the Interest and Principal Accounts separately stated, expressed both as total dollar amounts and as dollar amounts per Unit outstanding on the record dates for each such distribution.

20. State the substance of the provisions of any indenture or agreement concerning the trust with respect to the following:

(a) Amendments to such indenture or agreement.

Reference is made to the information provided in answer to Item 10(f) above.

(b) The extension or termination of such indenture or agreement.

Reference is made to the information provided in answer to Item 10(f) above.

(c) The removal or resignation of the trustee or custodian, or the failure of the trustee or custodian to perform its duties, obligations and functions.

See Item 20(d).

(d) The appointment of a successor trustee and the procedure if a successor trustee is not appointed.

The Depositor upon receiving notice of resignation of the Trustee is obligated to appoint a successor Trustee promptly. If, upon such resignation, no successor Trustee has been appointed and has accepted the appointment within 30 days after notification, the retiring Trustee may apply to a court of competent jurisdiction for the appointment of a successor. The Depositor may at any time remove the Trustee, with or without cause, and appoint a successor Trustee as provided in the Trust Agreements. Notice of such removal and appointment shall be mailed to each Unitholder by the Depositor. Upon the execution of a written acceptance of such appointment by such successor Trustee, all the rights, powers, duties

and obligations of the original Trustee shall vest in the successor. The Trustee shall be a corporation organized under the laws of the United States, or any state thereof, which is authorized under such laws to exercise trust powers. The Trustee shall have at all times an aggregate capital, surplus and undivided profits of not less than \$5,000,000.

(e) The removal or resignation of the depositor, or the failure of the depositor to perform its duties, obligations and functions.

Reference is made to the information provided in answer to Item 20(f) below.

(f) The appointment of a successor depositor and the procedure if a successor depositor is not appointed.

If at any time the Depositor shall fail to perform any of its duties under the Trust Agreements or shall become incapable of acting and shall be adjudged a bankrupt or insolvent or shall have its affairs taken over by public authorities, then the Trustee may:

(a) appoint a successor Depositor at rates of compensation deemed by the Trustee to be reasonable and not exceeding such reasonable amounts as may be prescribed by the Securities and Exchange Commission, or

(b) terminate the Trust Agreements and liquidate the Trusts as provided therein, or

(c) continue to act as Trustee without terminating the Trust Agreements.

The Depositor is liable for the performance of its obligations arising from its responsibilities under the Trust Agreements, but will be under no liability to the Unitholders for taking any action or refraining from taking any action in good faith pursuant to the Trust Agreements or for errors in judgment, except in cases of its own gross negligence, bad faith or willful misconduct. The Depositor shall not be liable or responsible in any way for depreciation or loss incurred by reason of the sale of any Securities.

21. (a) State the substance of the provisions of any indenture or agreement with respect to loans to security holders.

Not applicable.

(b) Furnish a brief description of any procedure or arrangement by which loans are made available to security holders by the depositor, principal underwriter, trustee or custodian, or any affiliated person of the foregoing. The following items should be covered:

(1) The name of each person who makes such agreements or arrangements with security holders.

(2) The rate of interest payable on such loans.

(3) The period for which loans may be made.

(4) Costs or charges for default in repayment at maturity.

(5) Other material provisions of the agreement or arrangement.

Not applicable.

(c) If such loans are made, furnish the aggregate amount of loans outstanding at the end of the last fiscal year, the amount of interest collected during the last fiscal year allocated to the depositor, principal underwriter, trustee or custodian or affiliated person of the foregoing and the aggregate amount of loans in default at the end of the last fiscal year covered by financial statements filed herewith.

Not applicable.

22. State the substance of the provisions of any indenture or agreement with respect to limitations on the liabilities of the depositor, trustee or custodian, or any other party to such indenture or agreement.

The Depositor is liable for the performance of its obligations arising from its responsibilities under the Trust Agreements, but will be under no liability to the Unitholders for taking any action or refraining from any action in good faith pursuant to the Trust Agreements or for errors in judgment, except in cases of its own gross negligence, bad faith or willful misconduct. The Depositor shall not be liable or responsible in any way for depreciation or loss incurred by reason of the sale of any Securities. The Trust Agreements provide that the Trustee shall be under no liability for any action taken in good faith in reliance upon prima facie properly executed documents or for the disposition of moneys from Securities or Certificates except by reason of its own gross negligence, bad faith or willful misconduct, nor shall the Trustee be liable or responsible in any way for depreciation or loss incurred by reason of the sale by the Trustee of any Securities. In the event that the Depositor has failed to act, the Trustee may act and shall not be liable for any action taken by it in good faith. The Trustee shall not be personally liable for any taxes or other governmental charges imposed upon or in respect of the Securities or upon the interest thereon. In addition, the Trust Agreements contain other customary provisions limiting the liability of the Trustee. The Trustee and Unitholders may rely on any evaluation furnished by the Evaluator and shall have no responsibility for the act or receipt thereof. The Trust Agreements provide that the determinations made by the Evaluator shall be in good faith upon the basis of the best information available to it, provided, however, that the Evaluator shall be under no liability to the Trustee or Unitholders for errors in judgment, but shall be liable only for its gross negligence, lack of good faith or willful misconduct.

23. Describe any bonding arrangement for officers, directors, partners or employees of the depositor or principal underwriter of the trust, including the amount of coverage and the type of bond.

Broker's Blanket Bond in the amount of \$75,000,000 issued by Fidvest Limited, Federal Insurance Company, National Union Fire Insurance Company, Gulf Insurance Company, Continental Insurance Co. and Lloyds of London.

24. State the substance of any other material provisions of any indenture or agreement concerning the trust or its securities and a description of any other material functions or duties of the depositor, trustee or custodian not stated in Item 10 or Items 14 to 23, inclusive.

National Financial Services Corporation, the Depositor, also serves as Evaluator for the Trusts. For the evaluation of Securities in each Trust, the Evaluator shall receive a fee, payable monthly, calculated on the basis of an annual rate set forth under "Essential Information" in the Prospectus, based upon the largest aggregate principal amount of Securities in such Trust at any time during such monthly period. or duties of the depositor, trustee or custodian not stated in Item 10 or Items 14 to 23, inclusive.



III. Organization, Personnel and Affiliated Persons of Depositor  
ORGANIZATION AND OPERATIONS OF DEPOSITOR

25. State the form of organization of the depositor of the trust, the name of the state or other sovereign power under the laws of which the depositor was organized and the date of organization.

NFSC (the "Depositor") is a registered broker and dealer and a member of The New York Stock Exchange, Inc., and various other national and regional exchanges. As a securities broker and dealer, NFSC is engaged in various securities trading, brokerage and clearing activities serving a diverse group of domestic corporations, institutional and individual investors, and brokers and dealers.

NFSC is a wholly owned subsidiary of Fidelity Brokerage Services, Inc. ("FBSI"). NFSC was incorporated in Massachusetts, June 3, 1981. FBSI is a wholly owned subsidiary of FMR Corp. ("FMR"). Edward C. Johnson 3d owns approximately 12% and Abigail P. Johnson owns approximately 24.5 % of the issued and outstanding shares of the voting Common Stock of FMR. Members of the Edward C. Johnson 3d family trusts for their benefit control upto 49% of the voting shares of FMR.

26. (a) Furnish the following information with respect to all fees received by the Depositor of the Trusts in connection with the exercise of any functions or duties concerning securities of the trust during the period covered by the financial statements filed herewith.

Not applicable, as no fees have been received by the Depositor of the Trusts in connection with the exercise of any functions or duties concerning Securities of the Trust.

(b) Furnish the following information with respect to any fee or any participation in fees received by the depositor from any underlying investment company or any affiliated person or investment advisor of such company:

(1) The nature of such fee or participation.

(2) The name of the person making payment.

(3) The nature of the services rendered in consideration for such fee or participation.

(4) The aggregate amount received during the last fiscal year covered by the financial statements filed herewith.

Not applicable, as no fees have been received by the Depositor of the Trusts from any underlying investment company or any affiliated person or investment advisor of such company.

27. Describe the general character of the business engaged in by the depositor including a statement as to any business other than that of depositor of the trust. If the depositor acts or has acted in any capacity with respect to any investment company or companies other than the trust, state the name or names of such company or companies, their relationship, if any, to the trust, and the nature of the depositor's activities therewith. If the depositor has caused to act in such named capacities, state the date of and circumstances surrounding such cessation.

Reference is made to the information provided in answer to Items 16, 24 and 25.

OFFICIALS AND AFFILIATED PERSONS OF DEPOSITOR

28. (a) Furnish as at latest practicable date the following information with respect to the depositor of the trust, with respect to each officer, director, or partner of the depositor, and with respect to each natural person directly or indirectly owning, controlling or holding with power to vote 5% or more of the outstanding voting securities of the depositor. Reference is made to the information provided in answer to Item 25 herein.

(b) Furnish a brief statement of the business experience during the last five years of each officer, director or partner of the depositor.

The Board of Directors of National Financial Services Corporation is composed of the following members:

Reference is made to Exhibit E(10) filed herewith.

29. Furnish as at latest practicable date the following information with respect to each company which directly or indirectly owns, controls or holds with power to vote 5% or more of the outstanding voting securities of the depositor.

Reference is made to the information provided in answer to Item 25 herein.

#### CONTROLLING PERSONS

30. Furnish as at latest practicable date the following information with respect to any person, other than those covered by Items 28, 29 and 42, who directly or indirectly controls the depositor.

Reference is made to the information provided in answer to Item 25 herein.

#### COMPENSATION OF OFFICERS AND DIRECTORS OF DEPOSITOR

##### COMPENSATION OF OFFICERS OF DEPOSITOR

31. Furnish the following information with respect to the remuneration for services paid by the depositor during the last fiscal year covered by financial statements filed herewith:

(a) directly to each of the officers or partners of the depositor directly receiving the three highest amounts of remuneration.

(b) directly to all officers or partners of the depositor as a group exclusive of persons whose remuneration is included under Item 31(a), stating separately the aggregate amount paid by the depositor itself and the aggregate amount paid by all the subsidiaries.

(c) indirectly or through subsidiaries to each of the officers or partners of the depositor.

Not applicable.

##### COMPENSATION OF DIRECTORS

32. Furnish the following information with respect to the remuneration for services, exclusive of remuneration reported under Item 31, paid by the depositor during the last fiscal year covered by financial statements filed herewith:

(a) The aggregate direct remuneration to directors;

(b) Indirectly or through subsidiaries to directors.

Not applicable.

##### COMPENSATION TO EMPLOYEES

33. (a) Furnish the following information with respect to the aggregate amount of remuneration for services of all employees of the depositor (exclusive of persons whose remuneration is reported in Items 31 and 32) who received remuneration in excess of \$10,000 during the last fiscal year covered by financial statements filed herewith from the depositor and any of its subsidiaries.

(b) Furnish the following information with respect to the remuneration for

services paid directly during the last fiscal year covered by financial statements filed herewith to the following classes of persons (exclusive of those persons covered by Item 33(a)): (1) Sales managers, branch managers, district managers and other persons supervising the sale of registrant's securities; (2) Salesmen, sales agents, canvassers and other persons making solicitations but not in supervisory capacity; (3) Administrative and clerical employees; and (4) Others (Specify). If a person is employed in more than one capacity, classify according to predominant type of work. Not applicable.

#### COMPENSATION TO OTHER PERSONS

34. Furnish the following information with respect to the aggregate amount of compensation for services paid any person (exclusive of persons whose remuneration is reported in Items 31, 32 and 33), whose aggregate compensation in connection with services rendered with respect to the trust in all capacities exceeded \$10,000 during the last fiscal year covered by financial statements filed herewith from the depositor and any of its subsidiaries.

Not applicable.

#### IV. Distribution and Redemption of Securities

##### DISTRIBUTION OF SECURITIES

35. Furnish the names of the states in which sales of the trust's securities (A) are currently being made, (B) are presently proposed to be made, and (C) have been discounted, indicating by appropriate letter the status with respect to each state.

(A) No sales of the Trust's securities are currently being made.

(B) The Depositor intends to qualify the Units for sale in a number of states. The names of such states have not been determined but will be as of the initial date of deposit of the Trusts.

(C) None.

36. If sales of the trust's securities have at any time since January 1, 1936, been suspended for more than a month, describe briefly the reasons for such suspension.

Not applicable.

37. (a) Furnish the following information with respect to each instance where, subsequent to January 1, 1937, any federal or state governmental officer, agency, or regulatory body denied authority to distribute securities of the trust, excluding a denial which was merely a procedural step prior to any determination by such officer, etc. and which denial was subsequently rescinded.

(1) Name of officer, agency or body.

(2) Date of denial.

(3) Brief statement of reason given for denial.

Not applicable.

(b) Furnish the following information with regard to each instance where subsequent to January 1, 1937, the authority to distribute securities of the trust has been revoked by any federal or state governmental officer, agency or regulatory body.

(1) Name of officer, agency or body.

(2) Date of revocation.

(3) Brief statement of reason given for revocation.

Not applicable.

38. (a) Furnish a general description of the method of distribution of securities of the trust.

(b) State the substance of any current selling agreement between each principal underwriter and the trust or the depositor, including a statement as to the inception and termination dates of the agreement, any renewal and termination provisions, and any assignment provisions.

(c) State the substance of any current agreements or arrangements of each principal underwriter with dealers, agents, salesman, etc., with respect to commissions and overriding commissions, territories, franchises, qualifications and revocations. If the trust is the issuer of periodic payment plan certificates, furnish schedules of commissions and the bases thereof. In lieu of a statement concerning schedules of commissions, such schedules of commissions may be filed as Exhibit A(3)(C).

Units will be sold through dealers who are members of the National Association of Securities Dealers, Inc. Sales may be made to or through dealers at prices which represent discounts from the Public Offering Price as set forth in the Prospectus for the Trusts. Certain commercial banks will make Units of the Trusts available to their customers on an agency basis. The Depositor reserves the right to change the dealer discounts set forth in the Prospectus from time to time. In addition to such discounts, the Depositor may, from time to time, pay or allow an additional discount, in the form of cash or other compensation, to dealers employing registered representatives who sell, during a specified time period, a minimum dollar amount of Units of a Trust and other unit investment trusts created by the Depositor. The difference between the discount and the sales charge will be retained by the Depositor.

#### INFORMATION CONCERNING PRINCIPAL UNDERWRITER

39. (a) State the form of organization of each principal underwriter of securities of the trust, the name of the state or other sovereign power under the laws of which each underwriter was organized and the date of organization.

Reference is made to the answer to Item 25 above.

(b) State whether any principal underwriter currently distributing securities of the trust is a member of the National Association of Securities Dealers, Inc.

See Item 39(a).

40. (a) Furnish the following information with respect to all fees received by each principal underwriter of the trust from the sale of securities of the trust and any other functions in connection therewith exercised by such underwriter in such capacity or otherwise during the period covered by the financial statements filed herewith.

Not applicable, as no fees have been received by the principal underwriter of the Trust in connection with the exercise of any functions concerning securities of the Trust during the period in question.

(b) Furnish the following information with respect to any fee or any participation in fees received by each principal underwriter from any underlying investment company or any affiliated person or investment advisor of such company.

(1) The nature of such fee or participation.

(2) The name of the person making payment.

(3) The nature of the services rendered in consideration for such fee or participation.

(4) The aggregate amount received during the last fiscal year covered by the financial statements filed herewith.

Not applicable.

41. (a) Describe the general character of the business engaged in by each principal underwriter, including a statement as to any business other than the distribution of securities of the trust. If a principal underwriter acts or has acted in any capacity with respect to any investment company or companies other than the trust, state the name or names of such company or companies, their relationship, if any, to the trust and the nature of such activities. If a principal underwriter has ceased to act in such named capacity, state the date of and the circumstances surrounding such cessation.

Reference is made to the information provided in answer to Item 27 above.

(b) Furnish as at latest practicable date the address of each branch office of each principal underwriter currently selling securities of the trust and furnish the name and residence address of the person in charge of such office.

Not applicable.

(c) Furnish the number of individual salesmen of each principal underwriter through whom any of the securities of the trust were distributed for the last fiscal year of the trust covered by the financial statements filed herewith and furnish the aggregate amount of compensation received by such salesmen in such year.

Not applicable.

42. Furnish as at latest practicable date the following information with respect to each principal underwriter currently distributing securities of the trust and with respect to each of the officers, directors or partners of such underwriter.

Not applicable.

43. Furnish, for the last fiscal year covered by the financial statements filed herewith, the amount of brokerage commissions received by any principal underwriter who is a member of a national securities exchange and who is currently distributing the securities of the trust or effecting transactions for the trust in the portfolio securities of the trust.

Not applicable.

#### OFFERING PRICES OF ACQUISITION VALUATION OF SECURITIES OF THE TRUST

44. (a) Furnish the following information with respect to the method of valuation used by the trust for the purpose of determining the offering price to the public of securities issued by the trust or the evaluation of shares or interests in the underlying securities acquired by the holder of a periodic payment plan certificate.

(1) The source of quotations used to determine the value of portfolio securities.

(2) Whether opening, closing, bid, asked or any other price is used.

(3) Whether price is as of the day of sale or as of any other time.

(4) A brief description of the methods used by registrant for determining other assets and liabilities including accrual for expenses and taxes (including taxes on unrealized appreciation).

(5) Other items which registrant adds to the net asset value in computing

offering price of its securities.

(6) Whether adjustments are made for fractions:

(i) before adding distributor's compensation (load) and

(ii) after adding distributor's compensation (load).

Reference is made to the information stated in answer to Item 10(d) above, as well as to the answer to Item 13(a).

(b) Furnish a specimen schedule showing the components of the offering price of the trust's securities as at the latest practicable date.

Not applicable.

(c) If there is any variation in the offering price of the trust's securities to any person or classes of persons other than underwriters, state the nature and amount of such variation and indicate the person or classes of persons to whom such offering is made.

Reference is made to the statements in answer to Item 13(c).

45. Furnish the following information with respect to any suspension of the redemption rights of the securities issued by the trust during the three fiscal years covered by the financial statements filed herewith:

(a) By whose action redemption rights were suspended.

(b) The number of days' notice given to security holders prior to suspension of redemption rights.

(c) Reason for suspension.

(d) Period during which suspension was in effect.

Not applicable.

#### REDEMPTION VALUATION OF SECURITIES OF THE TRUST

46. (a) Furnish the following information with respect to the method of determining the redemption or withdrawal valuation of securities issued by the trust:

(1) The source of quotations used to determine the value of portfolio securities.

(2) Whether opening, closing, bid, asked or any other price is used.

(3) Whether price is as of the date of sale or as of any other time.

(4) A brief description of the methods used by registrant for determining other assets and liabilities including accruals for expenses and taxes (including taxes on unrealized appreciation).

(5) Other items which registrant deducts from the net asset value in computing redemption value of its securities.

(6) Whether adjustments are made for fractions.

Redemption shall be made by the Trustee on the third business day following the day on which a tender for redemption is received (the "Redemption Date") by payment of cash equivalent to the Redemption Price for such Trust, as set forth below, multiplied by the number of Units being redeemed. Any Units redeemed shall be canceled and any undivided fractional interest in the Trust extinguished.

The Redemption Price for Units of each Trust is computed by the Evaluator as of the evaluation time stated under "Essential Information" in the Prospectus next occurring after the tendering of an Unit for redemption and on any other business day desired by:

(a) adding:

(1) the cash on hand in the Trust other than cash deposited in the Trust to purchase Securities not applied to the purchase of such Securities;

(2) the aggregate value of each issue of the Securities (including "when issued" contracts, if any) held in the Trust as determined by the Evaluator on the basis of bid prices therefor; and

(3) interest accrued and unpaid on Securities in the Trust as of the date of computation;

(b) deducting therefrom:

(1) amounts representing any applicable taxes or governmental charges payable out of the Trust and for which no deductions have been previously made for the purpose of additions to the Reserve Account described in Item 18(c);

(2) an amount representing estimated accrued expenses of the Trust including but not limited to fees and expenses of the Trustee (including legal and auditing fees and any insurance costs), the Evaluator, the Depositor and Bond Counsel, if any;

(3) cash held for distribution to Unitholders of record as of the business day prior to the evaluation being made; and

(4) other liabilities incurred by the Trust; and

(c) finally dividing the results of such computation by the number of Units of the Trust outstanding as of the date thereof.

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

(d) Furnish a specimen schedule showing the components of the redemption price to the holders of the Trust's securities as at the latest practicable date.

Not applicable.

#### PURCHASE AND SALE OF INTERESTS IN UNDERLYING SECURITIES FROM AND TO SECURITY HOLDERS

47. Furnish a statement as to the procedure with respect to the maintenance of a position in the underlying securities or interests in the underlying securities, the extent and nature thereof and the person who maintains such a position. Include a description of the procedure with respect to the purchase of underlying securities or interests in the underlying securities from security holders who exercise redemption or withdrawal rights and the sale of such underlying securities and interests in the underlying securities to other security holders. State whether the method of valuation of such underlying securities or interests in underlying securities differs from that set forth in Items 44 and 46. If any item of expenditure included in the determination of the evaluation is not or may not be actually incurred or expended, explain the nature of such item and who may benefit from the transaction.

Reference is made to information provided in answer to Items 10(d), 44 and 46 above.

#### V. Information Concerning the Trustee or Custodian

48. Furnish the following information as to each trustee or custodian of the trust:

(a) Name and principal business address:

- (b) Form of organization.
- (c) State or other sovereign power under the laws of which the trustee or custodian was organized.
- (d) Name of governmental supervising or examining authority.

The Trustee is The Chase Manhattan Bank (National Association), a national banking association with its principal executive office located at 1 Chase Manhattan Plaza, New York, New York 10081 and its unit investment trust office at 770 Broadway, New York, New York 10003. The Trustee is subject to supervision by the Comptroller of Currency, the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System

49. State the basis for payment of fees or expenses of the trustee or custodian for services rendered with respect to the trust and its securities, and the aggregate amount thereof for the last fiscal year. Indicate the person paying such fees or expenses. If any fees or expenses are prepaid, state the unearned amount.

Reference is made to the information provided in answer to Item 13(a).

50. State whether the trustee or custodian or any other person has or may create a lien on the assets of the trust and, if so, give full particulars, outlining the substance of the provisions of any indenture or agreement with respect thereto.

The fees and expenses owing to the Trustee are secured by a lien on the Trust. These are charges relating to a Trust and shall be allocated to each Trust in the same ratio as the principal amount of such Trust bears to the total principal amount of all Trusts. These are charges relating solely to a particular Trust and shall be charged only to that Trust.

Reference is also made to the information provided in answer to Item 13(a).

#### VI. Information Concerning Insurance of Holders of Securities

51. Furnish the following information with respect to insurance of holders of securities:

- (a) The name and address of the insurance company.
- (b) The types of policies and whether individual or group policies.
- (c) The types of risks insured and excluded.
- (d) The coverage of the policies.
- (e) The beneficiaries of such policies and the uses to which the proceeds of the policies must be put.
- (f) The terms and manner of cancellation and of reinstatement.
- (g) The method of determining the amount of premium to be paid by holders of securities.
- (h) The amount of aggregate premiums paid to the insurance company during the last fiscal year.
- (i) Whether any person other than the insurance company receives any part of such premiums, the name of each such person and the amounts involved, and the nature of the services rendered therefor.
- (j) The substance of any other material provisions of any indenture or agreement of the trust relating to insurance.

Not applicable.

#### VII. Policy of Registrant

52. (a) Furnish the substance of the provisions of any indenture or



agreement with respect to the conditions upon which and the method of selection by which particular portfolio securities must or may be eliminated from assets of the trust or must or may be replaced by other portfolio securities. If an investment advisor or other person is to be employed in connection with such selection, elimination or substitution, state the name of such person, the nature of any affiliation to the depositor, trustee or custodian and any principal underwriter, and the amount of remuneration to be received for such services. If any particular person is not designated in the indenture or agreement, describe briefly the method of selection of such person.

Reference is made to the information provided in answer to Item 16 above.

(b) Furnish the following information with respect to each transaction involving the elimination of any underlying security during the period covered by the financial statements filed herewith:

- (1) Title of security.
- (2) Date of elimination.
- (3) Reasons for elimination.
- (4) The use of the proceeds from the sale of the eliminated security.
- (5) Title of security substituted, if any.
- (6) Whether depositor, principal underwriter, trustee or custodian or any affiliated person of the foregoing were involved in the transaction.
- (7) Compensation or remuneration received by each such person directly or indirectly as a result of the transaction.

Not applicable.

(c) Describe the policy of the trust with respect to the substitution and elimination of the underlying securities of the trust with respect to:

- (1) The grounds for elimination and substitution.
- (2) The type of securities which may be substituted for any underlying security.
- (3) Whether the acquisition of such substituted security or securities would constitute the concentration of investment in a particular industry or group of industries or would conform to a policy of concentration of investment in a particular industry or group of industries.
- (4) Whether such substituted securities may be the securities of another investment company, and
- (5) The substance of the provisions of any indenture or agreement which authorize or restrict the policy of the registrant in this regard.

Reference is made to the information provided in answer to Item 16 above.

(d) Furnish a description of any policy (exclusive of policies covered by paragraphs (a) and (b) herein) of the trust which is deemed a matter of fundamental policy and which is elected to be treated as such.

Reference is made to the information provided in answer to Item 16 above.

#### REGULATED INVESTMENT COMPANY

53. (a) State the taxable status of the trust.

The Trusts will either be structured as grantor trusts or "regulated investment companies" for federal tax purposes.

(b) State whether the trust qualified for the last taxable year as a regulated investment company as defined in Section 851 of the Internal Revenue Code of 1954, and state its present intention with respect to such qualifications during the current taxable year.

The trust was not in existence during the last taxable year; however some

series of the trust may elect to qualify as a regulated investment company as defined in Section 851 of the Code. Certain other series will be structured so that they are not associations taxable as corporations under the Code.

#### VIII. Financial and Statistical Information

54. If the trust is not the issuer of periodic payment plan certificates furnish the following information with respect to each class or series of its securities:

Not applicable since information relates to registrant's past 10 fiscal years.

(Items 55, 56, 57 and 58 inapplicable since they relate only to periodic payment plan certificates.)

#### FINANCIAL STATEMENTS

##### FINANCIAL STATEMENTS OF THE TRUST

1. Consent of Certified Public Accountants.
2. Statement of Financial Condition of the Trust.

##### FINANCIAL STATEMENTS OF THE DEPOSITOR

1. Financial Statements of the Depositor; National Financial Services Corporation.

#### EXHIBITS

The following Exhibits are filed herewith:

##### EXHIBIT A(1)

Form of Indenture between National Financial Services Corporation, as Depositor and Evaluator, and The Chase Manhattan Bank (National Association), as Trustee.

##### EXHIBIT A(1) (A)

Form of Standard Terms and Conditions of Trust between National Financial Services Corporation as Depositor and Evaluator, and The Chase Manhattan Bank (National Association), as Trustee.

##### EXHIBIT A(5)

Form of Certificate of Beneficial Interest (included in Exhibit A(1) (a) filed herewith).

##### EXHIBIT A(6) (A)

Certificate of Incorporation and By-laws, as amended, of National Financial Services Corporation.

##### EXHIBIT D

Preliminary Prospectus.

##### EXHIBIT E(10)

Information regarding Members of the Board of Directors of National Financial Services Corporation.

#### SIGNATURES

Pursuant to the requirements of the Investment Company Act of 1940, National Financial Services Corporation, the Depositor of the Registrant, has caused this Amendment No. 2 to the Registration Statement to be duly signed on behalf of the Registrant in the City of Boston, and Commonwealth of Massachusetts on the 21st day of November, 1995.

Fidelity Unit Investment Trusts

By: National Financial Services Corporation, Depositor

By: David J. Pearlman

Assistant Clerk  
(SEAL)

Commonwealth of Massachusetts)

SS:

County of Suffolk)

On this 21st day of November before me personally appeared Shaugn Stanley, to me known, who, being by me duly sworn, said that he is the Chief Financial Officer of National Financial Services Corporation, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

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Notary Public

Fidelity Defined Trusts, Series 1  
Trust Agreement

Dated: \_\_\_\_\_, 1995

This Trust Agreement among National Financial Services Corporation, as Depositor, Evaluator and Portfolio Supervisor and The Chase Manhattan Bank, (National Association), as Trustee, sets forth certain provisions in full and incorporates other provisions by reference to the document entitled "Standard Terms and Conditions of Trust for Fidelity Defined Trusts Series 1 effective \_\_\_\_\_, 1995 (herein called the "Standard Terms and Conditions of Trust"), and such provisions as are set forth in full and such provisions as are incorporated by reference constitute a single instrument. All references herein to Articles and Sections are to Articles and Sections of the Standard Terms and Conditions of Trust.

Witnesseth That:

In consideration of the premises and of the mutual agreements herein contained, the Depositor, the Trustee, the Evaluator and Portfolio Supervisor agree as follows:

Part I

Standard Terms And Conditions Of Trust

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

Part II

Special Terms And Conditions Of Trust

The following special terms and conditions are hereby agreed to:

(a) The Securities defined in Section 1.01(5) listed in Schedule A hereto have been deposited in trust under this Trust Agreement.

(b) The fractional undivided interest in and ownership of the Trust Fund represented by each Unit for a Trust is the amount set forth under the captions "Summary of Essential Information - Fractional Undivided Interest in the Trust per Unit" in the Prospectus.

(c) The number of units in a Trust referred to in Section 2.03 is set forth under the caption "Summary of Essential Information - Number of Units" in the Prospectus.

(d) The First General Record Date and the amount of the second distribution of funds from the Interest Account for a Trust shall be the record date for the Interest Account and the amount set forth under "Essential Information" for such Trust in the Prospectus.

(e) The "First Settlement Date" for each Trust is the date set forth under "Essential Information-First Settlement Date" in the Prospectus.

In Witness Whereof, National Financial Services Corporation and United States Trust Company of New York have each caused this Trust Agreement to be executed and the respective corporate seal to be hereto affixed and

attested by authorized officers; all as of the day, month and year first above written.

National Financial Services Corporation, Depositor

By \_\_\_\_\_

United States Trust Company Of New York, Trustee

(Seal)

By \_\_\_\_\_

Attest:

\_\_\_\_\_  
National Financial Services Corporation, Evaluator

By \_\_\_\_\_

National Financial Services Corporation, Portfolio Supervisor

By \_\_\_\_\_

Schedule A To Trust Agreement  
Securities Initially Deposited

In

Fidelity Defined Trusts, Series 1

(Note: Incorporated herein and made a part hereof is the "Portfolio" as set forth for each Trust in the Prospectus.)

FIDELITY DEFINED TRUSTS SERIES 1  
LADDERED GOVERNMENT SERIES 1, SHORT TREASURY PORTFOLIO  
LADDERED GOVERNMENT SERIES 2, SHORT/INTERMEDIATE TREASURY PORTFOLIO  
ROLLING GOVERNMENT SERIES 1, SHORT TREASURY PORTFOLIO

FIDELITY.EPS

LADDERED GOVERNMENT SERIES-Laddered Government Series 1, Short Treasury Portfolio and Laddered Government Series 2, Short/Intermediate Treasury Portfolio were each formed for the purpose of providing safety of capital as is consistent with current income and investment flexibility through an investment in a portfolio of U.S. Treasury Obligations with laddered maturity levels that are backed by the full faith and credit of the United States Government. Interest Income distributed by each Treasury Portfolio is exempt from state personal income taxes in all states. Each Treasury Portfolio is available to non-resident aliens and the income from such Trusts, provided certain conditions are met, will be exempt from withholding for U.S. federal income tax for such foreign investors. A FOREIGN INVESTOR MUST PROVIDE A COMPLETED W-8 FORM TO HIS/HER FINANCIAL REPRESENTATIVE OR THE TRUSTEE TO AVOID WITHHOLDING ON HIS/HER ACCOUNT. Units of the Trust are rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies ("Standard & Poor's").

ROLLING GOVERNMENT SERIES-Rolling Government Series 1, Short Treasury Portfolio was formed to obtain safety of capital as is consistent with current income and current monthly distributions of interest through an investment in a portfolio of U.S. Treasury Obligations that are backed by the full faith and credit of the United States Government. The Trust has been designed to maintain a short dollar-weighted average maturity, no greater than 8 months. This Trust seeks to reduce Unit price fluctuations due to changing interest rates by reinvesting approximately four times a year until January, 1998 the proceeds of maturing U.S. Treasury Obligations into additional U.S. Treasury Obligations with maturities of approximately one year so that the Trust will maintain a portfolio with a dollar-weighted average maturity of approximately 0.63 years for most of the Trust's life. Units of the Trust are rated "AAA" by Standard & Poor's.

UNITS OF THE TRUSTS ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY,

ANY BANK, AND UNITS ARE NOT FEDERALLY INSURED OR OTHERWISE PROTECTED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AND INVOLVE INVESTMENT RISK INCLUDING LOSS OF PRINCIPAL.

SPONSOR: NATIONAL FINANCIAL SERVICES CORPORATION

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

The investor is advised to read and retain this Prospectus for future reference.

THE DATE OF THIS PROSPECTUS IS \_\_\_\_\_, 1995.

#### SUMMARY

**PUBLIC OFFERING PRICE.** The Public Offering Price per Unit of a Trust during the initial offering period is equal to a pro rata share of the offering prices of the Securities in such Trust plus or minus a pro rata share of cash, if any, in the Principal Account held or owned by such Trust, plus accrued interest plus that sales charge indicated under "Essential Information." The secondary market Public Offering Price per Unit will be based upon a pro rata share of the bid prices of the Securities in each Trust plus or minus a pro rata share of cash, if any, in the Principal Account held or owned by such Trust, plus accrued interest plus the applicable sales charge indicated under "Trust Information-Public Offering of Units-Public Offering Price." The sales charge is reduced on a graduated scale for sales involving at least \$100,000 or 10,000 Units and will be applied on whichever basis is more favorable to the investor. The minimum purchase for each Trust is \$1,000.

**REINVESTMENT.** Certain Unitholders may be eligible to elect for distributions of principal/or interest to be automatically invested, without a sales charge, in shares of certain mutual funds managed by Fidelity Management & Research Company, an affiliate of the Sponsor. Please ask your financial consultant regarding the availability of distribution reinvestment.

**ESTIMATED LONG-TERM RETURN AND ESTIMATED CURRENT RETURN.** As of the opening of business on the Initial Date of Deposit, the Estimated Long-Term Return and the Estimated Current Return, if applicable, for each Trust were as set forth in "Essential Information." The Estimated Current Return is calculated by dividing the estimated net annual interest income per Unit by the Public Offering Price. The estimated net annual interest income per Unit will vary with changes in fees and expenses of the Trustee, the Sponsor and Evaluator and with any reinvestment (in the case of a Rolling Government Series), redemption, maturity and exchange or sale of Securities while the Public Offering Price will vary with changes in the offering price of the underlying Securities and with changes in the accrued interest; therefore, there is no assurance that the present Estimated Current Return will be realized in the future. Estimated Long-Term Return is calculated using a formula which (1) takes into consideration, and determines and factors in the relative weightings of, the market values, yields (which takes into account the amortization of premiums and the accretion of discounts) and estimated retirements or average lives of all of the Securities in the applicable Trust, including the reinvestment of

Securities in the Rolling Government Series, and (2) takes into account the expenses and sales charge associated with each Trust Unit. Since the market values and estimated retirements or average lives of the Securities and the expenses of a Trust will change, there is no assurance that the present Estimated Long-Term Return will be realized in the future. Estimated Current Return and Estimated Long-Term Return are expected to differ because the calculation of Estimated Long-Term Return reflects the estimated date and amount of principal returned while Estimated Current Return calculations include only net annual interest income and Public Offering Price.

MARKET FOR UNITS. After the initial offering period, the Sponsor, while under no obligation to do so, intends to maintain a market for the Units and to offer to repurchase such Units at prices subject to change at any time which are based on the aggregate bid side evaluation of the Securities in a Trust plus accrued interest.

RISK FACTORS. An investment in the Trusts should be made with an understanding of the risks associated therewith, including, among other factors, the inability of the issuer or an insurer to pay the principal of or interest on a security when due, the general condition of the relevant securities market, economic recession, volatile interest rates, early call provisions and changes to the tax status of the Securities. See "Risk Factors" in each Trust section and "Trust Information-Risk Factors."

FIDELITY DEFINED TRUSTS SERIES 1

ESSENTIAL INFORMATION

AS OF THE OPENING OF BUSINESS ON THE INITIAL DATE OF DEPOSIT  
SPONSOR AND EVALUATOR: NATIONAL FINANCIAL SERVICES CORPORATION

TRUSTEE: THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)

The income, expense and distribution data set forth below has been calculated for Unitholders purchasing less than 10,000 Units of a Trust. Unitholders purchasing 10,000 Units or more of a Trust will receive a slightly higher return because of the reduced sales charge for larger purchases.

	LADDERED GOVERNMENT SERIES 1	LADDERED GOVERNMENT SERIES 2	ROLLING GOVERNMENT SERIES 1
Public Offering Price per Unit (1) (2) \$	\$	\$	\$
Principal Amount of Securities per Unit \$	\$	\$	\$
Estimated Current Return based on Public Offering Price (3) (4) (5) (6)			
Estimated Long-Term Return (3) (4) (5) (6)			
Estimated Normal Annual Distribution per Unit (6)	\$	\$	\$
Principal Amount of Securities	\$	\$	\$
Number of Units			
Fractional Undivided Interest per Unit			
Calculation of Public Offering Price:			
Aggregate Offering Price of Securities	\$	\$	\$
Aggregate Offering Price of Securities per Unit \$ \$ \$			



Plus Sales Charge per Unit (7)	\$	\$	\$
Public Offering Price per Unit (1) (2)	\$	\$	\$
Redemption Price per Unit	\$	\$	\$
Sponsor's Initial Repurchase Price per Unit	\$	\$	\$
Excess of Public Offering Price per Unit over Redemption Price per Unit	\$	\$	\$
Excess of Public Offering Price per Unit over Sponsor's Initial Repurchase Price per Unit	\$	\$	\$
Calculation of Estimated Net Annual Interest Income per Unit (6):			
Estimated Annual Interest	\$		
Less: Estimated Annual Expense	\$	\$	
Estimated Net Annual Interest	\$		
Estimated Daily Rate of Net Interest Accrual per Unit (if applicable)	\$	\$	
Estimated Average Life of Securities			
Minimum Principal Value of the Trust under which Trust Agreement may be terminated (8)	\$	\$	\$

Evaluations for purposes of sale, purchase or redemption of Units are made as of the close of business of the Sponsor (currently 4:00 p.m. Eastern Time) next following receipt of an order for a sale or purchase of Units or receipt by the Trustee of Units tendered for redemption.

ESSENTIAL INFORMATION-(CONTINUED)

	LADDERED	LADDERED	ROLLING
	GOVERNMENT	GOVERNMENT	GOVERNMENT
	SERIES 1	SERIES 2	SERIES 1
Trustee's Annual Fee per \$1,000 principal amount of Securities (9)			
Reduction of Trustee's fee per Unit during the first year (6)			
Estimated annual interest income per Unit during the first year (6)			
Interest Payments (10):			
First Payment per Unit, representing days			
Estimated Normal Monthly Distribution per Unit			
Estimated Normal Annual Distribution per Unit			
Sales Charge (7):			
As a percentage of Public Offering Price per Unit			
As a percentage of net amount invested			
As a percentage of net amount invested in earning assets			
Date of Trust Agreements			, 1995
First Settlement Date			, 1995
Mandatory Termination Date			

Maximum Evaluator's Annual Evaluation

Fee per \$1,000 Principal Amount of  
Securities

Maximum Sponsor's Annual Surveillance

Fee per \$1,000 Principal Amount of  
Securities

Estimated Annual Organizational Expenses  
per Unit (11)

(1) Anyone ordering Units for settlement after the First Settlement Date will pay accrued interest from such date to the date of settlement (normally three business days after order) less distributions from the Interest Account subsequent to the First Settlement Date. For purchases settling on the First Settlement Date, no accrued interest will be added to the Public Offering Price.

(2) Many unit investment trusts issue a number of units such that each unit represents approximately \$1,000 principal amount of underlying securities. The Sponsor, on the other hand, in determining the number of Units for each Trust has elected not to follow this format but rather to provide that number of Units which will establish as close as possible as of the Initial Date of Deposit a Principal Amount of Securities per Unit of \$10.

(3) The Estimated Current Return and Estimated Long-Term Return are increased for transactions entitled to a reduced sales charge. See "Trust Information-Public Offering of Units-Public Offering Price."

(4) The Estimated Current Returns are calculated by dividing the estimated net annual interest income per Unit by the Public Offering Price. The estimated net annual interest income per Unit will vary with changes in fees and expenses of the Trustee, the Sponsor and the Evaluator and with the principal prepayment, redemption, maturity, exchange or sale of Securities while the Public Offering Price will vary with changes in the offering price of the underlying Securities and with changes in the accrued interest; therefore, there is no assurance that the present Estimated Current Returns indicated above will be realized in the future. The Estimated Long-Term Returns are calculated using a formula which (1) takes into consideration, and determines and factors in the relative weightings of, the market values, yield (which take into account the amortization of premiums and the accretion of discounts) and the expected retirement dates of all of the Securities in the applicable Trust and 2) takes into account the expenses and sales charge associated with each Trust Unit. Since the market values and estimated retirement dates of the Securities and expenses of each Trust will change, there is no assurance that the present Estimated Long-Term Returns as indicated above will be realized in the future. The Estimated Current Returns and Estimated Long-Term Returns are expected to differ because the calculation of the Estimated Long-Term Returns reflects the estimated date and amount of principal returned while the Estimated Current Return calculations include only net annual interest income and Public Offering Price.

(5) This figure is based on estimated per Unit cash flows. Estimated cash flows will vary with changes in fees and expenses, with changes in current interest rates and with the principal prepayment, redemption, maturity, call, exchange or sale of the underlying Securities. The estimated cash

flows to Unitholders for the Trusts are either set forth under "Estimated Cash Flows to Unitholders" for each Trust or are available upon request at no charge from the Sponsor.

(6) During the first year, the Trustee has agreed to reduce its fee (and to the extent necessary pay expenses of the Trusts) in the amounts stated above. The Trustee has agreed to the foregoing to cover all or a portion of the interest on any Securities accruing prior to their expected dates of delivery, since interest will not accrue to the benefit of Unitholders of a Trust until such Securities are actually delivered to the Trust. The estimated net annual interest income per Unit will remain as indicated. See "The Trusts" and "Trust Information-Interest, Estimated Long-Term Return and Estimated Current Return."

(7) The sales charge as a percentage of the net amount invested in earning assets will increase as accrued interest increases. Transactions subject to quantity discounts (see "Trust Information-Public Offering of Units-Public Offering Price") will have reduced sales charges, thereby reducing all percentages in the table.

(8) The minimum principal value of each Trust under which the Trust Agreement may be terminated is 20% of the initial aggregate principal amount of securities deposited in each Portfolio.

(9) See "Trust Information-Trust Expenses."

(10) Unitholders will receive interest distributions monthly. The Record Date is the 10th day of the month, commencing \_\_\_\_\_, 1995, and the distribution date is the 20th day of the month, commencing \_\_\_\_\_, 1995.

(11) Each Trust (and therefore the Unitholders of the respective Trust) will bear all or a portion of its organizational costs (including costs of preparing the registration statement, the trust indenture and other closing documents, registering Units with the Securities and Exchange Commission and states, the initial audit of the Trust portfolios, legal fees and the initial fees and expenses of the Trustee but not including the expenses incurred in the preparation and printing of brochures and other advertising materials and other selling expenses) as is common for mutual funds. Total organizational expenses will be amortized over a five year period or over the life of a Trust if the term of such Trust is less than five years. See "Trust Information-Trust Expenses" and "Statements of Financial Condition." Historically, the sponsors of unit investment trusts have paid all of the costs of establishing such trusts.

#### THE TRUSTS

Fidelity Defined Trusts Series 1 consists of the underlying separate unit investment trusts set forth above. The various trusts are collectively referred to herein as the "Trusts." Each Trust is divided into "Units" representing equal shares of the underlying assets of such Trust. Laddered Government Series 1, Short Treasury Portfolio, Laddered Government Series 2, Short/Intermediate Treasury Portfolio and Rolling Government Series 1, Short Treasury Portfolio are collectively referred to herein as the "Treasury Portfolios". Each of the Trusts is separate and is designated by a different series number. Each of the Trusts was created under the laws of the State of New York pursuant to a trust indenture dated the Initial Date of Deposit (the "Trust Agreements") between National Financial Services Corporation (the "Sponsor") and The Chase Manhattan Bank (National

Association) (the "Trustee").\*

As used herein, the terms defined below shall have the following meanings: "Securities" and "Bonds" shall mean the obligations initially deposited in the Trusts described under "Portfolio" for each Trust (including all contracts to purchase such obligations accompanied by an irrevocable letter of credit sufficient to perform such contracts initially deposited in the Trusts) and any additional obligations deposited in the Trusts following the Initial Date of Deposit; "U.S. Treasury Obligations" shall mean the obligations (and contracts) included in the Treasury Portfolios.

On the Initial Date of Deposit, the Sponsor delivered to the Trustee that aggregate principal amount of Securities or contracts for the purchase thereof for deposit in the Trust Funds as set forth under "Essential Information." Of such principal amount, the amount specified in "Essential Information" was deposited in each Trust. In exchange for the Securities so deposited, the Trustee delivered to the Sponsor documentation evidencing the ownership of that number of Units for each Trust as indicated under "Essential Information." Each Trust initially consists of delivery statements (i.e., contracts) to purchase obligations. The Sponsor has a limited right of substitution for such Securities in the event of a failed contract. See "Trust Information-General Information."

Additional Units of each Trust may be issued from time to time following the Initial Date of Deposit by depositing in such Trust additional Securities or contracts for the purchase thereof together with irrevocable letters of credit or cash. As additional Units are issued by a Trust as a result of the deposit of additional Securities by the Sponsor, the aggregate value of the Securities in the Trust will be increased and the fractional undivided interest in the Trust represented by each Unit will be decreased. The Sponsor may continue to make additional deposits of Securities into a Trust following the Initial Date of Deposit, provided that such additional deposits will be in principal amounts which will maintain the same original percentage relationship among the principal amounts of the Securities in such Trust established on the initial deposit of the Securities. Thus, although additional Units will be issued, each Unit will continue to represent the same principal amount of each Security, and the percentage relationship among the principal amount of each Security in the related Trust will remain the same.

Each Unit initially offered represents that undivided interest in the appropriate Trust indicated under "Essential Information." To the extent that any Units are redeemed by the Trustee or additional Units are issued as a result of additional Securities being deposited by the Sponsor, the fractional undivided interest in a Trust represented by each unredeemed Unit will increase or decrease accordingly, although the actual interest in such Trust represented by such fraction will remain unchanged. Units will remain outstanding until redeemed upon tender to the Trustee by Unitholders, which may include the Sponsor, or until the termination of the Trust Agreement.

\* Reference is made to the Trust Agreements, and any statements contained herein are qualified in their entirety by the provisions of the Trust Agreements.

An investment in Units of a Trust should be made with an understanding of

the risks which an investment in fixed rate debt obligations may entail, including the risk that the value of the portfolio and hence of the Units will decline with increases in interest rates. The value of the underlying Securities will fluctuate inversely with changes in interest rates. The uncertain economic conditions of recent years, together with the monetary policies and fiscal measures adopted to attempt to deal with them, have resulted in wide fluctuations in interest rates and, thus, in the value of fixed rate debt obligations generally and long-term obligations in particular. The Sponsor cannot predict the degree to which such fluctuations will continue in the future.

LADDERED GOVERNMENT SERIES 1, SHORT TREASURY PORTFOLIO

LADDERED GOVERNMENT SERIES 2, SHORT/INTERMEDIATE TREASURY PORTFOLIO  
THE TRUST PORTFOLIO

Laddered Government Series 1, Short Treasury Portfolio and Laddered Government Series 2, Short/Intermediate Treasury Portfolio were both formed for the purpose of providing safety of capital as is consistent with current income and investment flexibility by staggering the return of principal over a predetermined period of time (a strategy referred to as "laddered maturities"). Each portfolio consists of U.S. Treasury Obligations that are backed by the full faith and credit of the United States government. Each Trust Portfolio was also formed for the purpose of providing protection against changes in interest rates and also passing through to Unitholders in all states the exemption from state personal income taxes afforded to direct owners of U.S. obligations. The value of the Units, the estimated current return and estimated long-term return to new purchasers will fluctuate with the value of the Securities included in a portfolio which will generally increase or decrease inversely with changes in interest rates.

In selecting U.S. Treasury Obligations for deposit in the Trusts the following factors, among others were, considered by the Sponsor: (a) the types of such obligations available; (b) the prices and yields of such obligations relative to other comparable obligations, including the extent to which such obligations are traded at a premium or at a discount from par; and (c) the maturities of such obligations.

Laddered Government Series 1, Short Treasury Portfolio consists of a portfolio of U.S. Treasury Obligations with differing maturity levels, designed to return approximately 20% of the principal amount of the Trust semi-annually over the three year life of the Trust, commencing at the end of the first year of the Trust. Laddered Government Series 1, Short Treasury Portfolio has dollar weighted average maturity of \_\_\_ years.

Laddered Government Series 2, Short/Intermediate Portfolio consists of a portfolio of U.S. Treasury Obligations with differing maturity levels, designed to return approximately 20% of the principal amount of the Trust annually over the six year life of the Trust, commencing at the end of the second year of the Trust. Laddered Government Series 2, Short/Intermediate Portfolio has dollar weighted average maturity of \_\_\_ years.

#### TAX STATUS

The Trusts may be appropriate investments for investors who desire to participate in a portfolio of taxable, fixed income securities offering the safety of capital provided by a portfolio backed by the full faith and credit of the United States. In addition, many investors may benefit from

the exemption from state and local personal income taxes that will pass through the Trust to Unitholders in virtually all states. Each Trust has been created as a grantor trust for federal tax reasons. For additional information concerning each Trusts status as a grantor trust see "Trust Information-Tax Status-Grantor Trust."

RISK FACTORS

The Securities are direct obligations of the United States and are backed by its full faith and credit although the Units of the Trusts are not so backed. The Securities are not rated but in the opinion of the Sponsor have credit characteristics comparable to those of securities rated "AAA" by nationally recognized rating agencies.

An investment in Units of a Trust should be made with an understanding of the risks which an investment in fixed rate debt obligations may entail, including the risk that the value of the Securities and hence the Units will decline with increases in interest rates. The high inflation of prior years, together with the fiscal measures adopted to attempt to deal with it, have resulted in wide fluctuations in interest rates and, thus, in the value of fixed rate debt obligations generally. The Sponsor cannot predict whether such fluctuations will continue in the future. For a discussion of other considerations associated with an investment in Units, see "Trust Information-General Information" and "Trust Information-Risk Factors-General."

LADDERED GOVERNMENT SERIES 1, SHORT TREASURY PORTFOLIO  
AS OF THE INITIAL DATE OF DEPOSIT: , 1995

	COST OF
FACE	SECURITIES
AMOUNT	COUPON MATURITIES TO TRUST(1)
\$	\$

\$	\$
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LADDERED GOVERNMENT SERIES 2, SHORT/INTERMEDIATE TREASURY PORTFOLIO  
AS OF THE INITIAL DATE OF DEPOSIT: , 1995

	COST OF
FACE	SECURITIES
AMOUNT	COUPON MATURITIES TO TRUST(1)
\$	\$

\$	\$
----	----

(1) Some Securities may be represented by contracts to purchase such Securities. During the initial offering period, evaluations of Securities are made on the basis of current offering side evaluations of the Securities. The aggregate offering price is greater than the aggregate bid price of the Securities, which is the basis on which Redemption Prices will be determined for purposes of redemption of Units after the initial offering period. Other information regarding the Securities in the Trusts, at the opening of business on the Initial Date of Deposit, is as follows:

	ANNUAL			
TRUST	COST OF	PROFIT OR	INTEREST	BID SIDE
	SECURITIES	(LOSS) TO	INCOME	VALUE OF
	TO SPONSOR	SPONSOR	TO TRUST	SECURITIES
Laddered Government Series 1	\$	\$	\$	\$

Laddered Government Series 2 \$ \$ \$ \$

(2) This Security has been purchased at a deep discount from the par value because there is little or no stated interest income thereon. Securities which pay no interest are normally described as "zero coupon" bonds. Over the life of Securities purchased at a deep discount the value of such Securities will increase such that upon maturity the holders of such securities will receive 100% of the principal amount thereof.

ROLLING GOVERNMENT SERIES 1, SHORT TREASURY PORTFOLIO  
THE TRUST PORTFOLIO

Rolling Government Series 1, Short Treasury Portfolio was formed for the purpose of providing safety of capital as is consistent with current income and current monthly distributions of interest through an investment in a portfolio of U.S. Treasury Obligations that are backed by the full faith and credit of the United States government. Rolling Government Series 1, Short Treasury Portfolio was also formed for the purpose of passing through to Unitholders in all states the exemption from state personal income taxes afforded to direct owners of U.S. obligations. The Trust also seeks to provide an extendible investment by quarterly reinvesting, until approximately January 1998 (the "Extension Period"), the proceeds of maturing Securities into new U.S. Treasury securities ("Extension Securities") with maturities of approximately one year. This reinvestment strategy is designed to produce a higher overall yield than shorter-term investments with less price volatility than longer-term investments. The Trust has been designed to maintain a short dollar-weighted average maturity, no greater than 8 months. The value of the Units, the estimated current return and estimated long-term return to new purchasers will fluctuate with the value of the Securities included in a portfolio which will generally increase or decrease inversely with changes in interest rates.

In selecting U.S. Treasury Obligations for deposit in the Trust, the following factors, among others, were considered by the Sponsor: (a) the types of such obligations available; (b) the prices and yields of such obligations relative to other comparable obligations, including the extent to which such obligations are traded at a premium or at a discount from par; and (c) the maturities of such obligations.

EXTENSIONS. The initial portfolio consists of U.S. Treasury Obligations with "laddered" maturities of approximately six months to 15 months. Therefore, approximately 25% of the initial portfolio matures every three months. The Sponsor is authorized to direct the reinvestment of the proceeds of each maturing Security into Extension Securities (an "Extension"). Extensions of approximately 25% of the portfolio at each maturity of Securities will continue through the Extension Period and, assuming the Trust does not terminate prior thereto, it is anticipated that there will be eight Extensions until principal distributions commence in 1998.

Extension Securities are Securities (i) issued by the U.S. Treasury; (ii) with a fixed maturity date that is within one month of the first anniversary of the maturity date of the Security the proceeds of which are being reinvested in the Extension Security; (iii) purchased at par or, in order of preference, at a discount to, or premium over par, as close to par as practicable; (iv) that would not cause Units of the Trust to cease to be

rated in the category AAA by Standard & Poor's; and (v) that are not when, as and if issued obligations. The purchase of Extension Securities shall not disqualify the Trust as a "regulated investment company" under the Internal Revenue Code.

The guidelines under which the Trust will purchase Extension Securities take into account price and maturity date. Whenever a U.S. Treasury security in the Trust's portfolio matures, the Sponsor will purchase the most currently available 1-year U.S. Treasury security at par. If no obligations are available at par, the buyer will select obligations with a price as close as possible to par. To preserve the Trust's par values, there will be a bias favoring discounts, when available. Therefore, discounted obligations will be selected so long as the discount is not more than three times the smaller premium available. That is, assuming no maturity date differences, if there is an obligation available at a price of \$100.125, no alternative obligation will be selected at less than \$99.625. If obligations mature at different dates within the one month permissible, in determining which obligation to purchase the Sponsor will increase the premium or discount of the bond by 25 cents (1/4 point) for every month away from the precise one year maturity date of the original obligation being extended. There will be no attempt to delay the purchase of the Extension Securities to take advantage of market movements.

During the Extension Period, the pro rata share of cash in the Principal Account which has not been reinvested or committed for reinvestment will also be computed as of the 10th day of the month and distributions to the Unitholders as of the related Record Date will be made on the 20th day of such month. After the Extension Period, the pro rata share of cash in the Principal Account will also be computed as described above. Proceeds from the disposition of any of the Securities or amounts representing principal on the Securities received after such Record Date and prior to the following Distribution Date will be held in the Principal Account and not distributed until the next Distribution Date. The Trustee is not required to pay interest on funds held in the Principal or Interest Account (but may itself earn interest thereon and therefore benefits from the use of such funds) nor to make a distribution from the Principal Account unless the amount available for distribution shall equal at least \$1.00 per 100 Units. See "Trust Information-Unitholders-Distributions to Unitholders."

#### TAX STATUS

Rolling Government Series 1, Short Treasury Portfolio may be an appropriate investment vehicle for investors who desire to participate in a portfolio of taxable, fixed income securities offering the safety of capital, as is consistent with current income and current monthly distributions of interest, provided by an investment backed by the full faith and credit of the United States. In addition, investors will benefit from the exemption from state and local personal income taxes that will pass through the Trust to Unitholders in all states. Rolling Government Series 1, Short Treasury Portfolio has been created as a regulated investment company for federal tax reasons. For additional information concerning the Trust's status as a regulated investment company see "Trust Information-Tax Status-Regulated Investment Company."

#### RISK FACTORS



The Securities are direct obligations of the United States and are backed by its full faith and credit although the Units of the Trusts are not so backed. The Securities are not rated but in the opinion of the Sponsor have credit characteristics comparable to those of securities rated "AAA" by nationally recognized rating agencies.

An investment in Units of a Trust should be made with an understanding of the risks which an investment in fixed rate debt obligations may entail, including the risk that the value of the Securities and hence the Units will decline with increases in interest rates. The high inflation of prior years, together with the monetary policies and fiscal measures adopted to attempt to deal with it, have resulted in wide fluctuations in interest rates and, thus, in the value of fixed rate debt obligations generally. The Sponsor cannot predict whether such fluctuations will continue in the future. For a discussion of other considerations associated with an investment in Units, see "Trust Information-General Information" and "Trust Information-Risk Factors."

The reinvestment of the proceeds of maturing Securities into Extension Securities may result in Extension Securities being acquired at a market discount or a market premium. See "Trust Information-Risk Factors-General" for a discussion of market discounts and premiums.

ROLLING GOVERNMENT SERIES 1, SHORT TREASURY PORTFOLIO  
AS OF THE INITIAL DATE OF DEPOSIT: , 1995

COST OF

FACE SECURITIES

AMOUNT COUPON MATURITIES TO TRUST(1)

(1) Some Securities may be represented by contracts to purchase such Securities. During the initial offering period, evaluations of Securities are made on the basis of current offering side evaluations of the Securities. The aggregate offering price is greater than the aggregate bid price of the Securities, which is the basis on which Redemption Prices will be determined for purposes of redemption of Units after the initial offering period. Other information regarding the Securities in the Trust, at the opening of business on the Initial Date of Deposit, is as follows:

TRUST	COST OF SECURITIES TO SPONSOR	PROFIT OR (LOSS) TO SPONSOR	ANNUAL	
			INTEREST INCOME TO TRUST	BID SIDE VALUE OF SECURITIES
Rolling Government Series 1	\$	\$	\$	\$

(2) This Security has been purchased at a deep discount from the par value because there is little or no stated interest income thereon. Securities which pay no interest are normally described as "zero coupon" bonds. Over the life of Securities purchased at a deep discount the value of such Securities will increase such that upon maturity the holders of such securities will receive 100% of the principal amount thereof.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

UNITHOLDERS

FIDELITY DEFINED TRUSTS SERIES 1

We have audited the accompanying statements of condition and the related portfolios of Fidelity Defined Trusts Series 1 (Laddered Government Series

1, Short Treasury Portfolio, Laddered Government Series 2, Short/Intermediate Treasury Portfolio and Rolling Government Series 1, Short Treasury Portfolio as of \_\_\_\_\_, 1995. The statements of condition and portfolios are the responsibility of the Sponsor. Our responsibility is to express an opinion on such financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of Securities owned at \_\_\_\_\_, 1995 and a letter of credit deposited to purchase Securities by correspondence with the Trustee. An audit also includes assessing the accounting principles used and significant estimates made by the Sponsor, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fidelity Defined Trusts Series 1 (Laddered Government Series 1, Short Treasury Portfolio, Laddered Government Series 2, Short/Intermediate Treasury Portfolio and Rolling Government Series 1, Short Treasury Portfolio as of \_\_\_\_\_, 1995, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP  
Boston, Massachusetts

\_\_\_\_\_, 1995

FIDELITY DEFINED TRUSTS SERIES 1  
STATEMENTS OF CONDITION

AT THE OPENING OF BUSINESS ON _____, 1995, THE INITIAL DATE OF DEPOSIT			
	LADDERED	LADDERED	ROLLING
	GOVERNMENT	GOVERNMENT	GOVERNMENT
	SERIES 1	SERIES 2	SERIES 1
INVESTMENT IN SECURITIES			
Securities deposited in the Trusts (1)	\$	\$	\$
Contracts to purchase Securities (1)			
Organizational Costs (2)			
Accrued interest to First Settlement Date on Securities (1) (3)			
Total	\$	\$	\$
Number of Units			
LIABILITIES AND INTEREST OF UNITHOLDERS			
Liabilities-			
Accrued Organizational Costs (2)			
Accrued interest payable to Sponsor (1) (3)	\$	\$	\$
Interest of Unitholders-			
Cost to investors (4)			
Less: Gross underwriting			

commission (4)

Net interest to Unitholders (1) (3) (4)

Total \$ \$ \$

NOTES:

(1) The aggregate value of the Securities listed in each "Portfolio" and their cost to the Trust are the same. The value of the Securities is determined by on the bases set forth under "Trust Information-Public Offering of Units-Public Offering Price". The contracts to purchase Securities are collateralized by an irrevocable letter of credit of \$ which has been deposited with the Trustee. Of this amount, \$ relates to the offering price of Securities to be purchased and \$ relates to accrued interest on such Securities to the expected dates of delivery.

(2) Each Trust (and therefore Unitholders) will bear all or a portion of its organizational costs which will be deferred and amortized over five years or over the life of the Trust if the term of such Trust is less than five years. Organizational costs have been estimated based on a projected size of each Trust of \$ . To the extent a Trust is larger or smaller, the estimate will vary.

(3) The Trustee will advance to each Trust the amount of net interest accrued to the First Settlement Date for distribution to the Sponsor as the Unitholder of Record.

(4) The aggregate public offering price includes a sales charge for the Trust as set forth under "Essential Information", assuming all single transactions involve less than 10,000 Units. For single transactions involving 10,000 or more Units the sales charge is reduced (see "Trust Information-Public Offering of Units-Public Offering Price") resulting in an equal reduction in both the Cost to investors and the Gross underwriting commission while the Net interest to Unitholders remains unchanged.

TRUST INFORMATION

GENERAL INFORMATION

Because certain of the Securities in certain of the Trusts may from time to time under certain circumstances be sold or redeemed or will mature in accordance with their terms and because the proceeds from such events will be distributed to Unitholders and will not be reinvested, no assurance can be given that a Trust will retain for any length of time its present size and composition. Neither the Sponsor nor the Trustee shall be liable in any way for any default, failure or defect in any Security. In the event of a failure to deliver any Security that has been purchased for a Trust under a contract, including those securities purchased on a "when, as and if issued" basis ("Failed Securities"), the Sponsor is authorized under the Trust Agreement to direct the Trustee to acquire other securities ("Replacement Securities") to make up the original corpus of such Trust. Securities in certain of the Trusts may have been purchased on a "when, as and if issued" or delayed delivery basis with delivery expected to take place after the First Settlement Date. See "Notes to Portfolios" for each Trust. Accordingly, the delivery of such Securities may be delayed or may not occur. Interest on these Securities begins accruing to the benefit of Unitholders on their respective dates of delivery. Unitholders of all Trusts will be "at risk" with respect to any "when, as and if issued" or "delayed delivery" Securities included in their respective Trust (i.e., may

derive either gain or loss from fluctuations in the evaluation of such Securities) from the date they commit for Units.

The Replacement Securities must be purchased within 20 days after delivery of the notice that a contract to deliver a Security will not be honored and the purchase price may not exceed the amount of funds reserved for the purchase of the Failed Securities. The Replacement Securities (i) must be payable in United States currency, (ii) must be purchased at a price that results in a yield to maturity and a current return at least equal to that of the Failed Securities as of the Initial Date of Deposit, (iii) shall not be "when, as and if issued" or restricted securities, (iv) must satisfy any rating criteria for Securities originally included in such Trust, (v) not cause the Units of such Trust to cease to be rated AAA by the appropriate rating agency if the Units were so rated on the Initial Date of Deposit and (vi) in the case of Insured Trust Funds must be insured prior to acquisition by a Trust. Whenever a Replacement Security is acquired for a Trust, the Trustee shall, within five days thereafter, notify all Unitholders of the Trust of the acquisition of the Replacement Security and shall, on the next monthly distribution date which is more than 30 days thereafter, make a pro rata distribution of the amount, if any, by which the cost to the Trust of the Failed Security exceeded the cost of the Replacement Security. Once all of the Securities in a Trust are acquired, the Trustee will have no power to vary the investments of the Trust, i.e., the Trustee will have no managerial power to take advantage of market variations to improve a Unitholder's investment.

If the right of limited substitution described in the preceding paragraphs is not utilized to acquire Replacement Securities, the Sponsor will refund the sales charge attributable to such Failed Securities to all Unitholders of the Trust and the Trustee will distribute the principal and accrued interest attributable to such Failed Securities not more than 30 days after the date on which the Trustee would have been required to purchase a Replacement Security. In addition, Unitholders should be aware that, at the time of receipt of such principal, they may not be able to reinvest such proceeds in other securities at a yield equal to or in excess of the yield which such proceeds would have earned for Unitholders of such Trusts.

Whether or not a Replacement Security is acquired, an amount equal to the accrued interest (at the coupon rate of the Failed Securities) will be paid to Unitholders of the Trust to the date the Sponsor removes the Failed Securities from the Trust if the Sponsor determines not to purchase a Replacement Security or to the date of substitution if a Replacement Security is purchased. All such interest paid to Unitholders which accrued after the date of settlement for a purchase of Units will be paid by the Sponsor. In the event a Replacement Security could not be acquired by a Trust, the net annual interest income per Unit for such Trust would be reduced and the Estimated Current Return and Estimated Long-Term Return might be lowered.

Subsequent to the Initial Date of Deposit, a Security may cease to be rated or its rating may be reduced below any minimum required as of the initial Date of Deposit. Neither event requires the elimination of such investment from a Trust, but may be considered in the Sponsor's determination to direct the Trustee to dispose of such investment. See "Trust Information-Investment Supervision."

The Sponsor may not alter the portfolio of a Trust except upon the occurrence of certain extraordinary circumstances or, in the case of the Rolling Government Series, in connection with a reinvestment of principal. See "Trust Information-Investment Supervision." Certain of the Securities may be subject to optional call or mandatory redemption pursuant to sinking fund provisions, in each case prior to their stated maturity. A bond subject to optional call is one which is subject to redemption or refunding prior to maturity at the option of the issuer, often at a premium over par. A refunding is a method by which a bond issue is redeemed, at or before maturity, by the proceeds of a new bond issue. A bond subject to sinking fund redemption is one which is subject to partial call from time to time at par with proceeds from a fund accumulated for the scheduled retirement of a portion of an issue to maturity. Special or extraordinary redemption provisions may provide for redemption at par of all or a portion of an issue upon the occurrence of certain circumstances, which may be prior to the optional call dates shown under "Portfolio" for each Trust. Redemption pursuant to optional call provisions is more likely to occur, and redemption pursuant to special or extraordinary redemption provisions may occur, when the Securities have an offering side evaluation which represents a premium over par, that is, when they are able to be refinanced at a lower cost. The proceeds from any such call or redemption pursuant to sinking fund provisions, as well as proceeds from the sale of Securities and from Securities which mature in accordance with their terms from a Trust, unless utilized to pay for Units tendered for redemption, will be distributed to Unitholders of such Trust and will not be used to purchase additional Securities for such Trust. Accordingly, any such call, redemption, sale or maturity will reduce the size and diversity of a Trust and the net annual interest income of such Trust and may reduce the Estimated Current Return and the Estimated Long-Term Return. See "Trust Information-Interest, Estimated Long-Term Return and Estimated Current Return." The call, redemption, sale or maturity of Securities also may have tax consequences to a Unitholder. See "Trust Information-Tax Status." Information with respect to the call provisions and maturity dates of the Securities is contained under "Portfolio" for each Trust. Each Unit of a Trust represents an undivided fractional interest in the Securities deposited therein, in the ratio shown under "Essential Information." Units may be purchased and certificates, if requested, will be issued in denominations of one Unit or any multiple or fraction thereof, subject to each Trust's minimum investment requirement of one Unit. Fractions of Units will be computed to three decimal points. To the extent that Units of a Trust are redeemed, the principal amount of Securities in such Trust will be reduced and the undivided fractional interest represented by each outstanding Unit of such Trust will increase. See "Trust Information-Redemption."

#### RISK FACTORS

U.S. TREASURY OBLIGATIONS. U.S. Treasury Obligations are direct obligations of the United States and are backed by its full faith and credit although the Units are not so backed. The U.S. Treasury Obligations are not rated but in the opinion of the Sponsor have credit characteristics comparable to those of securities rated "AAA" by nationally recognized rating agencies. An investment in Units of a Trust which contains U.S. Treasury Obligations

should be made with an understanding of the risks which an investment in fixed rate debt obligations may entail, including the risk that the value of the Securities and hence the Units will decline with increases in interest rates. The high inflation of prior years, together with the fiscal measures adopted to attempt to deal with it, have resulted in wide fluctuations in interest rates and, thus, in the value of fixed rate debt obligations generally. The Sponsor cannot predict whether such fluctuations will continue in the future.

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

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

original issue discount Securities, a premium over the accreted value. To the extent that the Securities were deposited in the Trusts at a price higher than the price at which they are redeemed, this will represent a loss of capital when compared to the original Public Offering Price of the Units. Because premium securities generally pay a higher rate of interest than securities priced at or below par, the effect of the redemption of premium securities would be to reduce Estimated Net Annual Unit Income by a greater percentage than the par amount of such securities bears to the total par amount of Securities in a Trust. Although the actual impact of any such redemptions that may occur will depend upon the specific Securities that are redeemed, it can be anticipated that the Estimated Net Annual Unit Income will be significantly reduced after the dates on which such Securities are eligible for redemption. A Trust may be required to sell zero coupon bonds prior to maturity (at their current market price which is likely to be less than their par value) in the event that all the Securities in the portfolio other than the zero coupon bonds are called or redeemed in order to pay expenses of a Trust or in case a Trust is terminated. See "Portfolio" for each Trust for the earliest scheduled call date and the initial redemption price for each Security.

Certain of the Securities in certain of the Trusts may be "zero coupon" bonds, i.e., an original issue discount bond that does not provide for the payment of current interest. Zero coupon bonds are purchased at a deep discount because the buyer receives only the right to receive a final payment at the maturity of the bond and does not receive any periodic interest payments. The effect of owning deep discount bonds which do not make current interest payments (such as the zero coupon bonds) is that a fixed yield is earned not only on the original investment but also, in effect, on all discount earned during the life of such obligation. This implicit reinvestment of earnings at the same rate eliminates the risk of being unable to reinvest the income on such obligation at a rate as high as the implicit yield on the discount obligation, but at the same time eliminates the holder's ability to reinvest at higher rates in the future. For this reason, zero coupon bonds are subject to substantially greater price fluctuations during periods of changing market interest rates than are securities of comparable quality which pay interest currently. For the Federal tax consequences of original issue discount securities such as the zero coupon bonds, see "Trust Information-Tax Status."

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

#### RATING OF UNITS

Standard & Poor's, a Division of The McGraw-Hill Companies ("Standard & Poor's") has rated the Units of the Treasury Portfolios "AAA." This is the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is very strong. Standard & Poor's has been compensated by the Sponsor for its services in rating Units of the Trusts.

A Standard & Poor's rating (as described by Standard & Poor's) on the units of an investment trust (hereinafter referred to collectively as "units" or "trust") is a current assessment of creditworthiness with respect to the investments held by such trust. This assessment takes into consideration the financial capacity of the issuers and of any guarantors, insurers, lessees, or mortgagors with respect to such investments. The assessment, however, does not take into account the extent to which trust expenses or portfolio asset sales for less than the trust's purchase price will reduce payment to the Unitholder of the interest and principal required to be paid on the portfolio assets. In addition, the rating is not a recommendation to purchase, sell, or hold units, inasmuch as the rating does not comment as to market price of the units or suitability for a particular investor. Trusts rated "AAA" are composed exclusively of assets that are rated "AAA" by Standard & Poor's or have, in the opinion of Standard & Poor's, credit characteristics comparable to assets rated "AAA," or certain short-term investments. Standard & Poor's defines its "AAA" rating for such assets as the highest rating assigned by Standard & Poor's to a debt obligation. Capacity to pay interest and repay principal is very strong.

#### RETIREMENT PLANS

Units of the Trusts may be suitable for purchase by Individual Retirement Accounts, Keogh Plans, pension funds and other qualified retirement plans. Generally, capital gains and income received under each of the foregoing plans are deferred from federal taxation. All distributions from such plans are generally treated as ordinary income but may, in some cases, be eligible for special income averaging or tax-deferred rollover treatment. Investors considering placing an investment in a Trust on account of any such plan should review specific tax laws related thereto and should consult their attorneys or tax advisor. The Trusts will waive the \$1,000 minimum investment requirement for qualified retirement plans. The minimum investment is \$250 for tax-deferred plans such as IRA accounts. Fees and charges with respect to such plans may vary.

#### TAX STATUS

##### GRANTOR TRUST

The following discussion applies only to Laddered Government Series 1 and Laddered Government Series 2, each of which are organized as grantor trusts for federal tax purposes. In the opinion of Chapman and Cutler, special counsel for the Sponsor, under existing law:

1. Each Trust is not an association taxable as a corporation for federal income tax purposes.
2. Each Unitholder will be considered the owner of a pro rata portion of each of the Trust assets for Federal income tax purposes under Subpart E, Subchapter J of Chapter 1 of the Internal Revenue Code of 1986 (the "Code"). Each Unitholder will be considered to have received his pro rata share of income derived from each Trust asset when such income is received by a Trust. Each Unitholder will also be required to include in taxable income for federal income tax purposes, original issue discount with respect to his interest in any Securities held by a Trust at the same time and in the same manner as though the Unitholder were the direct owner of such interest.
3. Each Unitholder will have a taxable event when a Security is disposed of (whether by sale, exchange, redemption, or payment at maturity) or when the



Unitholder redeems or sells his Units. The cost of the Units to a Unitholder on the date such Units are purchased is allocated among the Securities held in a Trust (in accordance with the proportion of the fair market values of such Securities) in order to determine his tax basis for his pro rata portion in each Security. Unitholders must reduce the tax basis of their Units for their share of accrued interest received, if any, on Securities delivered after the date on which the Unitholders pay for their Units and, consequently, such Unitholders may have an increase in taxable gain or reduction in capital loss upon the disposition of such Units. Gain or loss upon the sale or redemption of Units is measured by comparing the proceeds of such sale or redemption with the adjusted basis of the Units. If the Trustee disposes of Securities, gain or loss is recognized to the Unitholder. The amount of any such gain or loss is measured by comparing the Unitholder's pro rata share of the total proceeds from such disposition with his basis for his fractional interest in the asset disposed of. The basis of each Unit and of each Security which was issued with original issue discount must be increased by the amount of accrued original issue discount and the basis of each Unit and of each Security which was purchased by a Trust at a premium must be reduced by the annual amortization of security premium which the Unitholder has properly elected to amortize under Section 171 of the Code. The tax cost reduction requirements of the Code relating to amortization of security premium may, under some circumstances, result in the Unitholder realizing a taxable gain when his Units are sold or redeemed for an amount equal to or less than his original cost. In general, original issue discount accrues daily under a constant interest rate method which takes into account the semi-annual compounding of accrued interest.

**Limitations on Deductibility of Trust Expenses by Unitholders-**Each Unitholder's pro rata share of each expense paid by a Trust is deductible by the Unitholder to the same extent as though the expense had been paid directly by him, subject to the following limitation: certain miscellaneous itemized deductions, such as investment expenses, tax return preparation fees and employee business expenses may be deductible by an individual only to the extent they exceed 2% of such individual's adjusted gross income. Temporary regulations have been issued which require Unitholders to treat certain expenses of a Trust as miscellaneous itemized deductions subject to this limitation.

**Acquisition Premium-**If a Unitholder's tax basis of his pro rata portion in any Securities held by a Trust exceeds the amount payable by the issuer of the Security with respect to such pro rata interest upon the maturity of the Security, such excess would be considered "acquisition premium" which may be amortized by the Unitholder at the Unitholder's election as provided in Section 171 of the Code.

**Original Issue Discount-**Certain of the Securities in a Trust may have been acquired with "original issue discount." In the case of any Securities in a Trust acquired with "original issue discount" that exceeds a "de minimis" amount as specified in the Code, such discount is includable in taxable income of the Unitholders on an accrual basis computed daily, without regard to when payments of interest on such Securities are received. The Code provides a complex set of rules regarding the accrual of original issue discount. These rules provide that original issue discount generally

accrues on the basis of a constant compound interest rate over the term of the Securities.

Special original issue discount rules apply if the purchase price of the Security by a Trust exceeds its original issue price plus the amount of original issue discount which would have previously accrued based upon its issue price (its "adjusted issue price"). Similarly these special rules would apply to a Unitholder if the tax basis of his pro rata portion of a Security issued with original issue discount exceeds his pro rata portion of its adjusted issue price.

Market Discount-If a Unitholder's tax basis in his pro rata portion of Securities is less than the allocable portion of such Security's stated redemption price at maturity (or, if issued with original issue discount, the allocable portion of its "revised issue price"), such difference will constitute market discount unless the amount of market discount is "de minimis" as specified in the Code. Market discount accrues daily computed on a straight line basis, unless the Unitholder elects to calculate accrued market discount under a constant yield method.

Accrued market discount is generally includable in taxable income to the Unitholders as ordinary income for Federal tax purposes upon the receipt of serial principal payments on the Securities, on the sale, maturity or disposition of such Securities by a Trust, and on the sale by a Unitholder of Units, unless a Unitholder elects to include the accrued market discount in taxable income as such discount accrues. If a Unitholder does not elect to annually include accrued market discount in taxable income as it accrues, deductions for any interest expense incurred by the Unitholder which is incurred to purchase or carry his Units will be reduced by such accrued market discount. In general, the portion of any interest expense which was not currently deductible would ultimately be deductible when the accrued market discount is included in income.

Computation of the Unitholder's Tax Basis-The tax basis of a Unitholder with respect to his interest in a Security is increased by the amount of original issue discount (and market discount, if the Unitholder elects to include market discount, if any, on the Securities held by a Trust in income as it accrues) thereon properly included in the Unitholder's gross income as determined for Federal income tax purposes and reduced by the amount of any amortized acquisition premium which the Unitholder has properly elected to amortize under Section 171 of the Code. A Unitholder's tax basis in his Units will equal his tax basis in his pro rata portion of all of the assets of a Trust.

Recognition of Taxable Gain or Loss Upon Disposition of Obligations by a Trust or Disposition of Unit-A Unitholder will recognize taxable capital gain (or loss) when all or part of his pro rata interest in a Security is disposed of in a taxable transaction for an amount greater (or less) than his tax basis therefor. Any gain recognized on a sale or exchange and not constituting a realization of accrued "market discount," and any loss will generally be capital gain or loss except in the case of a dealer or financial institution. As previously discussed, gain realized on the disposition of the interest of a Unitholder in any Security deemed to have been acquired with market discount will be treated as ordinary income to the extent the gain does not exceed the amount of accrued market discount not previously taken into income. Any capital gain or loss arising from the

disposition of a Security by a Trust or the disposition of Units by a Unitholder will be short-term capital gain (or loss) unless the Unitholder has held his Units for more than one year in which case such capital gain or loss will be long-term. For taxpayers other than corporations, net capital gains are subject to a maximum marginal stated tax rate of 28 percent. However, it should be noted that legislative proposals are introduced from time to time that affect tax rates and could affect relative differences at which ordinary income and capital gains are taxed. The tax cost reduction requirements of the Code relating to amortization of bond premium may under some circumstances, result in the Unitholder's realizing taxable gain when his Units are sold or redeemed for an amount equal to or less than his original cost.

If the Unitholder disposes of a Unit, he is deemed thereby to have disposed of his entire pro rata interest in all Trust assets including his pro rata portion of all of the Securities represented by the Unit. This may result in a portion of the gain, if any, on such sale being taxable as ordinary income under the market discount rules (assuming no election was made by the Unitholder to include market discount in income as it accrues) as previously discussed.

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

Foreign Investors-A Unitholder who is a foreign investor (i.e., an investor other than a U.S. citizen or resident of a U.S. corporation, partnership, estate or trust) will not be subject to United States federal income taxes, including withholding taxes, on interest income (including any original issue discount) on, or any gain from the sale or other disposition of, his pro rata interest in any Security or the sale of his Units provided that all of the following conditions are met: (i) the interest income or gain is not effectively connected to the conduct by the foreign investor of a trade or business within the United States, (ii) either (a) the interest is United States source income (which is the case for most securities issued by United States issuers), the Security is issued after July 18, 1984 (which is the case for each Security held by a Trust), the foreign investor does not own, directly or indirectly, 10% or more of the total combined voting power of all classes of voting stock of the issuer of the Security and the foreign investor is not a controlled foreign corporation related (within the meaning of Section 864(d)(4) of the Code) to the issuer of the Security, or (b) the interest income is not from sources within the United States (iii) with respect to any gain, the foreign investor (if an individual) is not present in the United States for 183 days or more during his taxable year and (iv) the foreign investor provides all certification which may be required of his or her status (foreign investors may contact the Sponsor to obtain a Form W-8 which must be filed with the Trustee and

refiled every three calendar years thereafter). Foreign investors should consult their tax advisers with respect to United States tax consequences of ownership of Units.

It should be noted that the Tax Act includes a provision which eliminates the exemption from United States taxation, including withholding taxes, for certain "contingent interest." The provision applies to interest received after December 31, 1993. No opinion is expressed herein regarding the potential application of this provision and whether United States taxation or withholding taxes could be imposed with respect to income derived from the Units as a result thereof. Unitholders and prospective investors should consult with their tax advisers regarding the potential effect of this provision on their investment in Units.

General-Each Unitholder (other than a foreign investor who has properly provided the certifications described above) will be requested to provide the Unitholder's taxpayer identification number to the Trustee and to certify that the Unitholder has not been notified that payments to the Unitholder are subject to back-up withholding. If the proper taxpayer identification number and appropriate certification are not provided when requested, distributions by a Trust to such Unitholder will be subject to back-up withholding.

The foregoing discussion relates only to United States federal income taxes and applies only to the Laddered Government Series which are described in this Prospectus; Unitholders may be subject to state and local taxation in other jurisdictions (including a foreign investor's country of residence). Unitholders should consult their tax advisers regarding potential state, local, or foreign taxation with respect to the Units and the treatment of Securities acquired at an original issue discount or market discount and acquisition premium, if any.

#### REGULATED INVESTMENT COMPANY

The following discussion applies only to the Rolling Government Series, which is structured to qualify as a regulated investment company for federal tax purposes. In the opinion of Chapman and Cutler, counsel or the Sponsor, under existing law:

The Rolling Government Series Trust is an association taxable as a corporation under the Code and intends to qualify for and elect tax treatment as a "regulated investment company" under the Code. By qualifying for and electing such treatment, such Trust will not be subject to Federal income tax on net investment income or net capital gains distributed to Unitholders of such Trust. The Code imposes a 4% excise tax on certain undistributed income of a regulated investment company that does not timely distribute certain percentages of its ordinary taxable income and capital gains by the end of each calendar year. The Trust intends to distribute taxable income and capital gains to avoid the imposition of such tax. Distributions of the entire net investment income of the Trust is required by the Indenture.

Distributions from the Trust, to the extent of the earnings and profits of such Trust, will constitute dividends for Federal income tax purposes which are taxable as ordinary income to Unitholders. Distributions of the Trust's net investment income and any net short-term capital gain will be taxable as ordinary income to the Unitholders of such Trust. Distributions from the Trust will not be eligible for the 70% dividends received deduction for

corporations.

Although distributions generally will be treated as distributed when paid, distributions declared in October, November or December, payable to Unitholders of record on a specified date in one of those months and paid during January of the following year will be treated as having been distributed by the Trust (and received by the Unitholders) on December 31 of the year such distributions are declared.

Distributions which the Trust designates as capital gain dividends will be taxable to Unitholders thereof as long-term capital gains, regardless of the length of time the Units have been held by a Unitholder. Distributions in partial liquidation, reflecting the proceeds of prepayments, redemptions, maturities or sales of Securities from the Trust (exclusive of net capital gain) will not be taxable to Unitholders of such Trust to the extent that they represent a return of capital for tax purposes. The portion of distributions which represents a return of capital will, however, reduce a Unitholder's basis in his Units, and to the extent they exceed the basis of his Units will be taxable as a capital gain. A Unitholder will realize a taxable gain (or loss) when his Units are sold or redeemed for an amount different from his original cost after reduction for previous distributors to the extent that they represented a return of capital. Such gain or loss will constitute either a long-term or short-term capital gain or loss depending upon the length of time the Unitholder has held his Units. Any loss of Units held six months or less will be treated as long-term capital loss to the extent of any long-term capital gains dividends received (or deemed to have been received) by the Unitholder with respect to such Units. For taxpayers other than corporations, net capital gains are presently subject to a maximum stated marginal rate of 28%. However, it should be noted that legislative proposals are introduced from time to time that affect tax rates and could affect relative differences at which ordinary income and capital gains are taxed. A capital loss is long-term if the asset is held for more than one year and short-term if held for one year or less.

Under the Code, certain miscellaneous itemized deductions, such as investment expenses, tax return preparation fees and employee business expenses, will be deductible by individuals only to the extent they exceed 2% of adjusted gross income. Miscellaneous itemized deductions subject to this limitation under present law do not include expenses incurred by the Trust as long as the Units of such Trust are held by or for 500 or more persons at all times during the taxable year. In the event the Units of the Trust are held by fewer than 500 persons, additional taxable income will be realized by the individual (and other noncorporate) Unitholders in excess of the distributions received from the Trust.

The Tax Act raised tax rates on ordinary income while capital gains remain subject to a 28% maximum stated rate. Because some or all capital gains are taxed at a comparatively lower rate under the Act, the Act includes a provision that recharacterizes capital gains as ordinary income in the case of certain financial transactions that are "conversion transactions" effective for transactions entered into after April 30, 1993. Unitholders and prospective investors should consult with their tax advisor regarding the potential effect of this provision on their investment in Units. If a Security has been purchased by the Trust at a market discount (i.e.,

for a purchase price less than its outstanding principal amount) unless the amount of market discount is "de minimis" as specified in the Code, each payment of principal on the Security will constitute ordinary income to the Trust to the extent of any accrued market discount.

The market discount rules do not apply to stripped U.S. Treasury Obligations because they are stripped debt instruments subject to special original issue discount rules. Unitholders should consult their tax advisers as to the amount of original issue discount which accrues. Additional Units of the Trust may be issued after the Initial Date of Deposit in respect of additional Securities deposited in the Trust by the Sponsor. Because of possible market interest rate fluctuations, the purchase price to the Trust of the additional Securities may differ from the purchase price of the Securities in the Trust on the Initial Date of Deposit. If interest rates decline and such additional Securities are purchased at a higher price than the Securities originally deposited, then the amounts includable in the taxable income of the Trust in proportion to the asset value of the Trust will be reduced for all Unitholders thereof, not just the Unitholders of such additional Units. Conversely, if interest rates rise and such additional Securities are purchased at a lower price than the Securities originally deposited, then the amounts includable in the taxable income of the Trust in proportion to the asset value of the Trust will be increased for all Unitholders thereof, not just the Unitholders of such additional Units.

Each Unitholder of the Trust shall receive an annual statement describing the tax status of the distributions paid by the Trust. Foreign Unitholders should consult their tax advisers with respect to the tax consequences or ownership of Units.

It should be remembered that even if distributions are reinvested, they are still treated as distributions for income tax purposes.

#### DISTRIBUTION REINVESTMENT

Certain Unitholder 's of the Trust's may elect to have distributions of principal (including capital gains, if any) or interest or both automatically invested without charge in shares of any mutual fund which is registered in such Unitholder's state of residence and is advised by Fidelity Management & Research Company an affiliate of the Sponsor (the "Fidelity Funds"), other than those Fidelity Funds sold with a contingent deferred sales charge.

If individuals indicate they wish to participate in the Reinvestment Program but do not designate a reinvestment fund, the Trustee will contact such individuals to determine which reinvestment fund or funds they wish to elect. Since the portfolio securities and investment objectives of the Fidelity Funds generally will differ significantly from that of the Trusts, Unitholders should carefully consider the consequences before selecting such Fidelity Funds for reinvestment. Detailed information with respect to the investment objectives and the management of the Fidelity Funds is contained in their respective prospectuses, which can be obtained from the Sponsor upon request. An investor should read the prospectus of the reinvestment fund selected prior to making the election to reinvest. Unitholders who desire to have such distributions automatically reinvested should inform their broker at the time of purchase or should file with the Trustee a written notice of election.

Unitholders who are receiving distributions in cash may elect to participate in distribution reinvestment by filing with the Trustee an election to have such distributions reinvested without charge. Such election must be received by the Trustee at least ten days prior to the Record Date applicable to any distribution in order to be in effect for such Record Date. Any such election shall remain in effect until a subsequent notice is received by the Trustee. See "Trust Information-Unitholders-Distributions to Unitholders."

#### INTEREST, ESTIMATED LONG-TERM RETURN AND ESTIMATED CURRENT RETURN

As of the opening of business on the Initial Date of Deposit, the Estimated Long-Term Return and the Estimated Current Return, if applicable, for each Trust were as set forth in the "Essential Information." Estimated Current Return is calculated by dividing the estimated net annual interest income per Unit by the Public Offering Price. The estimated net annual interest income per Unit will vary with changes in fees and expenses of the Trustee, the Sponsor and the Evaluator and with reinvestment (in the case of the Rolling Government Series), maturity, exchange or sale of the Securities while the Public Offering Price will vary with changes in the offering price of the underlying Securities and accrued interest; therefore, there is no assurance that the present Estimated Current Return will be realized in the future. Estimated Long-Term Return is calculated using a formula which (i) considers the relative weightings, the market values, yields (which take into account the amortization of premiums and the accretion of discounts) and estimated retirements or average life of all of the Securities in a Trust, and (ii) takes into account a compounding factor and the expenses and sales charge associated with each Trust Unit. Since the market values and estimated retirements of the Securities and the expenses of a Trust will change, there is no assurance that the present Estimated Long-Term Return will be realized in the future. Estimated Current Return and Estimated Long-Term Return are expected to differ because the calculation of Estimated Long-Term Return reflects the estimated date and amount of principal returned while Estimated Current Return calculations include only net annual interest income and Public Offering Price.

In order to acquire certain of the Securities contracted for by a Trust, it may be necessary for the Sponsor or Trustee to pay on the dates for delivery of such Securities amounts covering accrued interest on such Securities which exceed the amount which will be made available in the letter of credit furnished by the Sponsor on the Initial Date of Deposit. The Trustee has agreed to pay any amounts necessary to cover any such excess and will be reimbursed therefor, without interest, when funds become available from interest payments on the Securities deposited in that Trust.

#### PUBLIC OFFERING OF UNITS

**PUBLIC OFFERING PRICE.** Units of a Trust are offered at the Public Offering Price thereof. During the initial offering period, the Public Offering Price per Unit is equal to the aggregate of the offering side evaluations of the Securities in such Trust, plus or minus a pro rata share of cash, if any, in the Principal account held or owned by such Trust plus accrued interest plus the applicable sales charge referred to in the tables below divided by the number of outstanding Units of such Trust. Such price

determination as of the close of business on the day before the Initial Date of Deposit was made on the basis of an evaluation of the Securities in each Trust prepared by Kenny S&P Evaluation Services, a firm regularly engaged in the business of evaluating, quoting or appraising comparable securities. The Public Offering Price for secondary market transactions, on the other hand, is based on the aggregate bid side evaluations of the Securities in a Trust, plus or minus cash, if any, in the Principal Account held or owned by such Trust, plus accrued interest plus a sales charge based upon the dollar weighted average maturity of such Trust. Investors who purchase Units through brokers or dealers pursuant to a current management agreement which by contract or operation of law does not allow such broker or dealer to earn an additional commission (other than any fee or commission paid for maintenance of such investor's account under the management agreement) on such transactions may purchase such Units at the current Public Offering Price net of the applicable broker or dealer concession. See "Trust Information-Public Offering of Units-Public Distribution of Units" below.

The applicable sales charge per Unit for each Trust will be as set forth in the following table:

WEIGHTED AVERAGE YEARS TO MATURITY	PERCENT OF OFFERING AMOUNT	PERCENT OF OFFERING NET AMOUNT	PERCENT OF OFFERING NET AMOUNT	PERCENT OF OFFERING NET AMOUNT	PERCENT OF OFFERING NET AMOUNT	PERCENT OF OFFERING NET AMOUNT
0 TO 4.99	5 TO 9.99	10 TO 14.99	15 OR MORE	PRICE INVESTED	PRICE INVESTED	PRICE INVESTED
Rolling Government	Series Short Treasury Portfolio	Laddered Government Series, Short Treasury Portfolio	Laddered Government Series, Short/Intermediate Treasury Portfolio			

Rolling Government  
 Series Short Treasury  
 Portfolio  
 Laddered Government Series,  
 Short Treasury Portfolio  
 Laddered Government  
 Series, Short/Intermediate  
 Treasury Portfolio

In connection with certain quantity purchases during the initial offering period, the sales charge for each Trust will be reduced by that percentage set forth in the following table:

PERCENTAGE REDUCTION	NUMBER OF UNITS PURCHASED	SALES CHARGE
1 to 9,999	10,000 to 24,999	25,000 to 49,999
50,000 to 99,999	100,000 or more	

As indicated above, in connection with secondary market transactions the sales charge is based upon the dollar weighted average maturity of a Trust and is determined in accordance with the tables set forth below. For purposes of this computation, Securities will be deemed to mature on their expressed maturity dates unless: (a) the Securities have been called for redemption or funds or securities have been placed in escrow to redeem them on an earlier call date, in which case such call date will be deemed to be



the date upon which they mature; or (b) such Securities are subject to a "mandatory tender," in which case such mandatory tender will be deemed to be the date upon which they mature. The effect of this method of sales charge computation will be that different sales charge rates will be applied to a Trust based upon the dollar weighted average maturity of such Trust's portfolio, in accordance with the following schedules. In connection with secondary market transactions, the sales charge per Unit will be as set forth in the table below:

WEIGHTED AVERAGE YEARS TO MATURITY			
0 TO 4.99	5 TO 9.99	10 TO 14.99	15 OR MORE
SALES CHARGE (PERCENT OF PUBLIC OFFERING PRICE)			
Rolling Government Series, Short Treasury Portfolio			
Laddered Government Series, Short Treasury Portfolio			
Laddered Government Series, Short/Intermediate Treasury Portfolio			

In connection with secondary market transactions, the sales charge to each Trust will be reduced by that percentage set forth in the following table:

PERCENTAGE REDUCTION
NUMBER OF UNITS PURCHASED OF SALES CHARGE
1 to 9,999
10,000 to 24,999
25,000 to 49,999
50,000 to 99,999
100,000 or more

The reduced sales charges resulting from quantity discounts as shown on the tables above will apply to all purchases of Units on any one day by the same purchaser from the same broker or dealer and for this purpose purchases of Units of a Trust will be aggregated with concurrent purchases of Units of any other unit investment trust that may be offered by the Sponsor. Additionally, Units purchased in the name of a spouse or child (under 21) of such purchaser will be deemed to be additional purchases by such purchaser. The reduced sales charges will also be applicable to a trust or other fiduciary purchasing for a single trust estate or single fiduciary account. The Sponsor intends to permit officers, directors and employees of the Sponsor and Evaluator and at the discretion of the Sponsor registered representatives of selling firms to purchase Units of a Trust without a sales charge, although a transaction processing fee may be imposed on such trades.

Had Units of a Trust been available for sale at the opening of business on the Initial Date of Deposit, the Public Offering Price would have been as shown under "Essential Information." The Public Offering Price per Unit of a Trust on the date of this Prospectus or on any subsequent date will vary from the amount stated under "Essential Information" in accordance with fluctuations in the prices of the underlying Securities and the amount of accrued interest on the Units. The aggregate bid and offering side evaluations of the Securities shall be determined (i) on the basis of current bid or offering prices of the Securities, (ii) if bid or offering prices are not available for any particular Security, on the basis of current bid or offering prices for comparable bonds, (iii) by determining the value of Securities on the bid or offer side of the market by

appraisal, or (iv) by any combination of the above.

The foregoing evaluations and computations shall be made as of the evaluation time stated under "Essential Information," on each business day commencing with the Initial Date of Deposit of the Securities, effective for all sales made during the preceding 24-hour period.

The interest on the Securities deposited in a Trust, less the related estimated fees and expenses, is estimated to accrue in the annual amounts per Unit set forth under "Essential Information." The amount of net interest income which accrues per Unit may change as Securities mature or are redeemed, exchanged or sold, or as the expenses of a Trust change or the number of outstanding Units of a Trust changes.

Although payment is normally made three business days following the order for purchase, payments may be made prior thereto. A person will become the owner of Units on the First Settlement Date or any date of settlement thereafter provided payment has been received. Cash, if any, made available to the Sponsor prior to the date of settlement for the purchase of Units may be used on the Sponsor's business and may be deemed to be a benefit to the Sponsor, subject to the limitations of the Securities Exchange Act of 1934. If a Unitholder desires to have certificates representing Units purchased, such certificates (if available) will be delivered as soon as possible following his written request therefor. For information with respect to redemption of Units purchased, but as to which certificates requested have not been received, see "Trust Information-Redemption" below.

**ACCRUED INTEREST.** Accrued interest is the accumulation of unpaid interest on a security from the last day on which interest thereon was paid.

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

In an effort to reduce the amount of accrued interest which would otherwise have to be paid in addition to the Public Offering Price in the sale of Units to the public, the Trustee will advance the amount of accrued interest as of the First Settlement Date and the same will be distributed to the Sponsor as the Unitholder of record as of the First Settlement Date. Consequently, the amount of accrued interest to be added to the Public Offering Price of Units will include only accrued interest from the First Settlement Date to the date of settlement, less any distributions from the Interest Account subsequent to the First Settlement Date.

Because of the varying interest payment dates of the Securities, accrued interest at any point in time will be greater than the amount of interest actually received by the Trusts and distributed to Unitholders. Therefore, there will always remain an item of accrued interest that is added to the value of the Units. If a Unitholder sells or redeems all or a portion of his Units, he will be entitled to receive his proportionate share of the accrued interest from the purchaser of his Units. Since the Trustee has the use of the funds held in the Interest Account for distributions to Unitholders and since such Account is non-interest-bearing to Unitholders,

the Trustee benefits thereby.

COMPARISON OF PUBLIC OFFERING PRICE AND REDEMPTION PRICE. While the Initial Public Offering Price of Units will be determined on the basis of the current offering prices of the Securities in a Trust, the redemption price per Unit (as well as the secondary market price per Unit) at which Units may be redeemed (see "Trust Information-Redemption") will be determined on the basis of the current bid prices of the Securities. As of the opening of business on the Initial Date of Deposit, the Public Offering Price per Unit (based on the offering prices of the Securities in a Trust and including the sales charge) exceeded the redemption price at which Units could have been redeemed (based upon the current bid prices of the Securities in a Trust) by the amount shown under "Essential Information." Under current market conditions the bid prices for U.S. Treasury Obligations are expected to be approximately 1/8 to 1/4 of 1% lower than the offer price of such obligations. In the past, bid prices on securities similar to those in the Trusts have been lower than the offering prices thereof by as much as 1% or more of principal amount in the case of inactively traded bonds or as little as 1/2 of 1% in the case of actively traded bonds, but the difference between such offering and bid prices may be expected to average approximately 1/2 of 1% of principal amount. For this reason, among others (including fluctuations in the market prices of the Securities and the fact that the Public Offering Price includes a sales charge), the amount realized by a Unitholder upon any redemption of Units may be less than the price paid for such Units.

PUBLIC DISTRIBUTION OF UNITS. The Sponsor intends to qualify the Units for sale in a number of states. Units will be sold through dealers who are members of the National Association of Securities Dealers, Inc. [and through others.] Sales may be made to or through dealers [and others] at prices which represent discounts from the Public Offering Price as set forth below. Certain commercial banks are making Units of the Trust Funds available to their customers on an agency basis. A portion of the sales charge paid by their customers is retained by or remitted to the banks in the amount shown in the tables below. Under the Glass-Steagall Act, banks are prohibited from underwriting Trust Units; however, the Glass-Steagall Act does permit certain agency transactions and the banking regulators have indicated that these particular agency transactions are permitted under such Act. In addition, state securities laws on this issue may differ from the interpretations of federal law expressed herein and banks and financial institutions may be required to register as dealers pursuant to state law. The Sponsor reserves the right to change the discounts set forth below from time to time. In addition to such discounts, the Sponsor may, from time to time, pay or allow an additional discount, in the form of cash or other compensation, to dealers employing registered representatives who sell, during a specified time period, a minimum dollar amount of Units of a Trust and other unit investment trusts created by the Sponsor. The difference between the discount and the sales charge will be retained by the Sponsor. The primary market concessions and agency commissions for each Trust are as follows:

WEIGHTED AVERAGE YEARS TO MATURITY			
0 TO 4.99	5 TO 9.99	10 TO 14.99	15 OR MORE
PERCENTAGE DISCOUNT PER UNIT			

Rolling Government Series, Short Treasury Portfolio  
Laddered Government Series, Short Treasury Portfolio  
Laddered Government Series, Short/Intermediate  
Treasury Portfolio

The secondary market concessions and agency commissions for each Trust are as follows:

WEIGHTED AVERAGE YEARS TO MATURITY

0 TO 4.99 5 TO 9.99 10 TO 14.99 15 OR MORE

PERCENTAGE DISCOUNT PER UNIT

Rolling Government Series, Short Treasury Portfolio  
Laddered Government Series, Short Treasury Portfolio  
Laddered Government Series, Short /Intermediate  
Treasury Portfolio

The Sponsor reserves the right to reject, in whole or in part, any order for the purchase of Units.

PROFITS OF SPONSOR. The Sponsor will receive gross sales charges equal to the percentage of the Public Offering Price of the Units as stated under "Public Offering Price" and will pay a fixed portion of such sales charges to dealers and agents. In addition, the Sponsor may realize a profit or a loss resulting from the difference between the purchase prices of the Securities to the Sponsor and the cost of such Securities to a Trust, which is based on the offering side evaluation of the Securities. See "Portfolio" for each Trust. The Sponsor may also realize profits or losses with respect to Securities deposited in a Trust which were acquired from underwriting syndicates of which the Sponsor was a member. An underwriter or underwriting syndicate purchases securities from the issuer on a negotiated or competitive bid basis, as principal, with the motive of marketing such securities to investors at a profit. The Sponsor may realize additional profits or losses during the initial offering period on unsold Units as a result of changes in the daily evaluation of the Securities in a Trust.

MARKET FOR UNITS

After the initial offering period, while not obligated to do so, the Sponsor intends to, and certain of the dealers may maintain a market for Units of the Trusts offered hereby and to continuously offer to purchase said Units at prices, determined by the Evaluator, based on the aggregate bid prices of the underlying Securities in such Trusts, together with accrued interest to the expected dates of settlement. To the extent that a market is maintained during the initial offering period, the prices at which Units will be repurchased will be based upon the aggregate offering side evaluation of the Securities in the Trusts. The aggregate bid prices of the underlying Securities in each Trust are expected to be less than the related aggregate offering prices (which is the evaluation method used during the initial public offering period). ACCORDINGLY, UNITHOLDERS WHO WISH TO DISPOSE OF THEIR UNITS SHOULD INQUIRE OF THEIR BANK OR BROKER AS TO CURRENT MARKET PRICES IN ORDER TO DETERMINE WHETHER THERE IS IN EXISTENCE ANY PRICE IN EXCESS OF THE REDEMPTION PRICE AND, IF SO, THE AMOUNT THEREOF. The offering price of any Units resold by the Sponsor will be in accord with that described in the currently effective Prospectus describing such Units. Any profit or loss resulting from the resale of such Units will belong to the Sponsor. The Sponsor may suspend or discontinue purchases of

Units of any Trust if the supply of Units exceeds demand, or for other business reasons.

#### REDEMPTION

A Unitholder who does not dispose of Units in the secondary market described above may cause Units to be redeemed by the Trustee by making a written request to the Trustee, and, in the case of Units evidenced by a certificate, by tendering such certificate to the Trustee, properly endorsed or accompanied by a written instrument or instruments of transfer in a form satisfactory to the Trustee. Unitholders must sign the request, and such certificate or transfer instrument, exactly as their names appear on the records of the Trustee and on any certificate representing the Units to be redeemed. If the amount of the redemption is \$25,000 or less and the proceeds are payable to the Unitholder(s) of record at the address of record, no signature guarantee is necessary for redemptions by individual account owners (including joint owners). Additional documentation may be requested, and a signature guarantee is always required, from corporations, executors, administrators, trustees, guardians or associations. The signatures must be guaranteed by a participant in the Securities Transfer Agents Medallion Program ("STAMP") or such other guarantee program in addition to, or in substitution for, STAMP, as may be accepted by the Trustee. A certificate should only be sent by registered or certified mail for the protection of the Unitholder. Since tender of the certificate is required for redemption when one has been issued, Units represented by a certificate cannot be redeemed until the certificate representing such Units has been received by the purchasers.

Redemption shall be made by the Trustee on the third business day following the day on which a tender for redemption is received (the "Redemption Date") by payment of cash equivalent to the Redemption Price for such Trust, determined as set forth below under "Computation of Redemption Price," as of the evaluation time stated under "Essential Information," next following such tender, multiplied by the number of Units being redeemed. Any Units redeemed shall be cancelled and any undivided fractional interest in the Trust extinguished. The price received upon redemption might be more or less than the amount paid by the Unitholder depending on the value of the Securities in the Trust at the time of redemption.

Under regulations issued by the Internal Revenue Service, the Trustee is required to withhold a certain percentage of the principal amount of a Unit redemption if the Trustee has not been furnished the redeeming Unitholder's tax identification number in the manner required by such regulations. Any amount so withheld is transmitted to the Internal Revenue Service and may be recovered by the Unitholder only when filing a tax return. Under normal circumstances the Trustee obtains the Unitholder's tax identification number from the selling broker. However, any time a Unitholder elects to tender Units for redemption, such Unitholder should make sure that the Trustee has been provided a certified tax identification number in order to avoid this possible "back-up withholding." In the event the Trustee has not been previously provided such number, one must be provided at the time redemption is requested.

Any amounts paid on redemption representing interest shall be withdrawn from the Interest Account for such Trust, to the extent that funds are

available for such purpose, then from the Principal Account. All other amounts paid on redemption shall be withdrawn from the Principal Account for such Trust. The Trustee is empowered to sell Securities for a Trust in order to make funds available for the redemption of Units of such Trust. Such sale may be required when Securities would not otherwise be sold and might result in lower prices than might otherwise be realized. To the extent Securities are sold, the size and diversity of a Trust will be reduced.

Securities will be sold by the Trustee so as to maintain, as closely as practicable, the original percentage relationship between the principal amounts of the Securities in such Trusts. The Securities to be sold for purposes of redeeming Units will be selected from a list supplied by the Sponsor. The Securities will be chosen for this list by the Sponsor on the basis of such market and credit factors as it may determine are in the best interests of such Trusts. Provision is made under the related Trust Agreements for the Sponsor to specify minimum face amounts in which blocks of Securities are to be sold in order to obtain the best price available. While such minimum amounts may vary from time to time in accordance with market conditions, it is anticipated that the minimum face amounts which would be specified would range from \$25,000 to \$100,000. Sales may be required at a time when the Securities would not otherwise be sold and might result in lower prices than might otherwise be realized. Moreover, due to the minimum principal amount in which U.S. Treasury Obligations may be required to be sold, the proceeds of such sales may exceed the amount necessary for payment of Units redeemed. To the extent not used to meet other redemption requests in such Trusts, such excess proceeds will be distributed pro rata to all remaining Unitholders of record of such Trusts, unless reinvested in substitute Securities. See "Trust Information-Investment Supervision."

The Trustee is irrevocably authorized in its discretion, if the Sponsor does not elect to purchase any Unit tendered for redemption, in lieu of redeeming such Units, to sell such Units in the over-the-counter market for the account of tendering Unitholders at prices which will return to the Unitholders amounts in cash, net after brokerage commissions, transfer taxes and other charges, equal to or in excess of the Redemption Price for such Units. In the event of any such sale, the Trustee shall pay the net proceeds thereof to the Unitholders on the day they would otherwise be entitled to receive payment of the Redemption Price.

The right of redemption may be suspended and payment postponed (1) for any period during which the New York Stock Exchange is closed, other than customary weekend and holiday closings, or during which (as determined by the Securities and Exchange Commission) trading on the New York Stock Exchange is restricted; (2) for any period during which an emergency exists as a result of which disposal by the Trustee of Securities is not reasonably practicable or it is not reasonably practicable to fairly determine the value of the underlying Securities in accordance with the Trust Agreements; or (3) for such other period as the Securities and Exchange Commission may by order permit. The Trustee is not liable to any person in any way for any loss or damage which may result from any such suspension or postponement.

COMPUTATION OF REDEMPTION PRICE. The Redemption Price for Units of each

Trust is computed by the Evaluator as of the evaluation time stated under "Essential Information" next occurring after the tendering of a Unit for redemption and on any other business day desired by it, by:

A. adding: (1) the cash on hand in the Trust other than cash deposited in the Trust to purchase Securities not applied to the purchase of such Securities; (2) the aggregate value of each issue of the Securities (including "when issued" contracts, if any) held in the Trust as determined by the Evaluator on the basis of bid prices therefor; and (3) interest accrued and unpaid on the Securities in the Trust as of the date of computation;

B. deducting therefrom (1) amounts representing any applicable taxes or governmental charges payable out of the Trust and for which no deductions have been previously made for the purpose of additions to the Reserve Account described under "Trust Information-Trust Expenses"; (2) an amount representing estimated accrued expenses of the Trust, including but not limited to fees and expenses of the Trustee (including legal and auditing fees and any insurance costs), the Evaluator, the Sponsor and bond counsel, if any; (3) cash held for distribution to Unitholders of record as of the business day prior to the evaluation being made; and (4) other liabilities incurred by the Trust; and

C. finally dividing the results of such computation by the number of Units of the Trust outstanding as of the date thereof.

#### UNITHOLDERS

OWNERSHIP OF UNITS. Ownership of Units of a Trust will not be evidenced by certificates unless a Unitholder, the Unitholder's registered broker/dealer or the clearing agent for such broker/dealer makes a written request to the Trustee. Certificates, if issued, will be so noted on the confirmation statement sent to the Underwriter and broker.

Units are transferable by making a written request to the Trustee and, in the case of Units evidenced by a certificate, by presenting and surrendering such certificate to the Trustee properly endorsed or accompanied by a written instrument or instruments of transfer which should be sent registered or certified mail for the protection of the Unitholder. Unitholders must sign such written request, and such certificate or transfer instrument, exactly as their names appear on the records of the Trustee and on any certificate representing the Units to be transferred. Such signatures must be guaranteed as provided in "Trust Information-Redemption."

Units may be purchased and certificates, if requested, will be issued in denominations of one Unit subject to each Trust's minimum investment requirement of 100 Units or any whole Unit multiple thereof subject to any minimum requirement established by the Sponsor from time to time. Any certificate issued will be numbered serially for identification, issued in fully registered form and will be transferable only on the books of the Trustee. The Trustee may require a Unitholder to pay a reasonable fee, to be determined in the sole discretion of the Trustee, for each certificate re-issued or transferred and to pay any governmental charge that may be imposed in connection with each such transfer or interchange. The Trustee at the present time does not intend to charge for the normal transfer or interchange of certificates. Destroyed, stolen, mutilated or lost certificates will be replaced upon delivery to the Trustee of satisfactory

indemnity (generally amounting to 3% of the market value of the Units), affidavit of loss, evidence of ownership and payment of expenses incurred. DISTRIBUTIONS TO UNITHOLDERS. Interest received by each Trust, including any portion of the proceeds from a disposition of Securities which represents accrued interest, is credited by the Trustee to the Interest Account for such Trust. All other receipts are credited by the Trustee to a separate Principal Account for the Trust. The Trustee normally has no cash for distribution to Unitholders until it receives interest payments on the Securities in the Trust. Since interest usually is paid semi-annually during the initial months of the Trusts, the Interest Account of each Trust, consisting of accrued but uncollected interest and collected interest (cash), will be predominantly the uncollected accrued interest that is not available for distribution. On the dates set forth under "Essential Information" for each Trust, the Trustee will commence distributions, in part from funds advanced by the Trustee.

Thereafter, assuming the Trust retains its original size and composition, after deduction of the fees and expenses of the Trustee, the Sponsor and Evaluator and reimbursements (without interest) to the Trustee for any amounts advanced to a Trust, the Trustee will normally distribute on each Interest Distribution Date (the twentieth of the month) or shortly thereafter to Unitholders of record of such Trust on the preceding Record Date (which is the tenth day of each month). Unitholders of the Trusts will receive an amount substantially equal to one-twelfth of such holders' pro rata share of the estimated net annual interest income to the Interest Account of such Trust. However, interest earned at any point in time will be greater than the amount actually received by the Trustee and distributed to the Unitholders. Therefore, there will always remain an item of accrued interest that is added to the daily value of the Units. If Unitholders of a Trust sell or redeem all or a portion of their Units, they will be paid their proportionate share of the accrued interest of such Trust to, but not including, the third business day after the date of a sale or to the date of tender in the case of a redemption.

In order to equalize distributions and keep the undistributed interest income of the Trusts at a low level, all Unitholders of record in such Trust on the first Record Date will receive an interest distribution on the first Interest Distribution Date. Because the period of time between the first Interest Distribution Date and the regular distribution dates may not be a full period, the first regular distributions may be partial distributions.

Unitholders of a Treasury Portfolio which contains Stripped Treasury Securities should note that Stripped Treasury Securities are sold at a deep discount because the buyer of those securities obtains only the right to receive a future fixed payment on the security and not any rights to periodic interest payments thereon. Purchasers of these Securities acquire, in effect, discount obligations that are economically identical to the "zero-coupon bonds" that have been issued by corporations. Zero coupon bonds are debt obligations which do not make any periodic payments of interest prior to maturity and accordingly are issued at a deep discount. Under general accepted accounting principles, a holder of a security purchased at a discount normally must report as an item of income for financial accounting purposes the portion of the discount attributable to



the applicable reporting period. The calculation of this attributable income would be made on the "interest" method which generally will result in a lesser amount of includible income in earlier periods and a corresponding larger amount in later periods. For federal income tax purposes, the inclusion will be on a basis that reflects the effective compounding of accrued but unpaid interest effectively represented by the discount. Although this treatment is similar to the "interest" method described above, the "interest" method may differ to the extent that generally accepted accounting principles permit or require the inclusion of interest on the basis of a compounding period other than the semi-annual period. See "Trust Information-Tax Status."

Persons who purchase Units between a Record Date and a Distribution Date will receive their first distribution on the second Distribution Date following their purchase of Units. Since interest on Securities in the Trusts is payable at varying intervals, usually in semi-annual installments, and distributions of income are made to Unitholders at different intervals from receipt of interest, the interest accruing to a Trust may not be equal to the amount of money received and available for distribution from the Interest Account. Therefore, on each Distribution Date the amount of interest actually deposited in the Interest Account of a Trust and available for distribution may be more or less than the interest distribution made. In order to eliminate fluctuations in interest distributions resulting from such variances, the Trustee is authorized by the Trust Agreements to advance such amounts as may be necessary to provide interest distributions of approximately equal amounts. The Trustee will be reimbursed, without interest, for any such advances from funds available in the Interest Account for such Trust.

The Trustee will distribute on each Distribution Date or shortly thereafter, to each Unitholder of record of a Trust on the preceding Record Date, an amount substantially equal to such Unitholder's pro rata share of the cash balance, if any, in the Principal Account of such Trust computed as of the close of business on the preceding Record Date. However, no distribution will be required if the balance in the Principal Account is less than \$1.00 per 100 Units. Notwithstanding the foregoing, the Trustee will make a distribution to Unitholders of all principal relating to maturing U.S. Treasury Obligations in a Trust within twelve business days of the date of such maturity unless such principal is to be reinvested in connection with a Rolling Government Series.

STATEMENTS TO UNITHOLDERS. With each distribution, the Trustee will furnish or cause to be furnished to each Unitholder a statement of the amount of interest and the amount of other receipts, if any, which are being distributed, expressed in each case as a dollar amount per Unit.

The accounts of each Trust are required to be audited annually, at the Trust's expense, by independent auditors designated by the Sponsor, unless the Sponsor determines that such an audit would not be in the best interest of the Unitholders of such Trust. The accountants' report will be furnished by the Trustee to any Unitholder of such Trust upon written request. Within a reasonable period of time after the end of each calendar year, the Trustee shall furnish to each person who at any time during the calendar year was a Unitholder of a Trust a statement, covering the calendar year, setting forth for the applicable Trust:

A. As to the Interest Account:

1. The amount of interest received on the Securities;
2. The amount paid from the Interest Account representing accrued interest of any Units redeemed;
3. The deductions from the Interest Account for applicable taxes, if any, fees and expenses (including auditing fees) of the Trustee, the Sponsor, the Evaluator, and, if any, of bond counsel;
4. Any amounts credited by the Trustee to the Reserve Account;
5. The net amount remaining after such payments and deductions, expressed both as a total dollar amount and a dollar amount per Unit outstanding on the last business day of such calendar year; and

B. As to the Principal Account:

1. The dates of the maturity, liquidation or redemption of any of the Securities and the net proceeds received therefrom excluding any portion credited to the Interest Account;
2. The amount paid from the Principal Account representing the principal of any Units redeemed;
3. The deductions from the Principal Account for payment of applicable taxes, if any, fees and expenses (including auditing fees) of the Trustee, the Sponsor, the Evaluator, and, if any, of bond counsel;
4. The amount of when-issued interest treated as a return of capital, if any;
5. Any amounts credited by the Trustee to the Reserve Account;
6. The net amount remaining after distributions of principal and deductions, expressed both as a dollar amount and as a dollar amount per Unit outstanding on the last business day of the calendar year; and

C. The following information:

1. A list of the Securities as of the last business day of such calendar year;
2. The number of Units outstanding on the last business day of such calendar year;
3. The Redemption Price based on the last evaluation made during such calendar year;
4. The amount actually distributed during such calendar year from the Interest and Principal Accounts separately stated, expressed both as total dollar amounts and as dollar amounts per Unit outstanding on the Record Dates for each such distribution.

RIGHTS OF UNITHOLDERS. A Unitholder may at any time tender Units to the Trustee for redemption. The death or incapacity of any Unitholder will not operate to terminate a Trust or entitle legal representatives or heirs to claim an accounting or to bring any action or proceeding in any court for partition or winding up of a Trust. No Unitholder shall have the right to control the operation and management of any Trust in any manner, except to vote with respect to the amendment of the Trust Agreements or termination of any Trust.

INVESTMENT SUPERVISION

The Sponsor may not alter the portfolios of the Trusts by the purchase, sale or substitution of Securities, except in the circumstances noted herein. Thus, with the exception of the redemption or maturity of Securities in accordance with their terms (and reinvestments made in connection with the Rolling Government Series), the assets of the Trusts

will remain unchanged under normal circumstances.

The Sponsor may direct the Trustee to dispose of Securities the value of which has been affected by certain adverse events including institution of certain legal proceedings or the occurrence of other market factors, including advance refunding, so that in the opinion of the Sponsor the retention of such Securities in a Trust would be detrimental to the interest of the Unitholders. In addition, the Sponsor will instruct the Trustee to dispose of certain Securities and to take such further action as may be needed from time to time to ensure that the Rolling Government Series continues to satisfy the qualifications of a regulated investment company, including the requirements with respect to diversification under Section 851 of the Internal Revenue Code. The proceeds from any such sales, exclusive of any portion which represents accrued interest, will be credited to the Principal Account of such Trust for distribution to the Unitholders.

The Sponsor is required to instruct the Trustee to reject any offer made by an issuer of Securities to issue new obligations in exchange or substitution for any of such Securities pursuant to a refunding financing plan, except that the Sponsor may instruct the Trustee to accept or reject such an offer or to take any other action with respect thereto as the Sponsor may deem proper if (i) the issuer is in default with respect to such Securities or (ii) in the written opinion of the Sponsor the issuer will probably default with respect to such Securities in the reasonably foreseeable future. Any obligation so received in exchange or substitution will be held by the Trustee subject to the terms and conditions of the Trust Agreement to the same extent as Securities originally deposited thereunder. Within five days after deposit of obligations in exchange or substitution for underlying Securities, the Trustee is required to give notice thereof to each Unitholder, identifying the Securities eliminated and the Securities substituted therefor. The Trustee may sell Securities, designated by the Sponsor, from a Trust for the purpose of redeeming Units of such Trust tendered for redemption and the payment of expenses.

#### TRUST ADMINISTRATION

**THE TRUSTEE.** The Trustee is The Chase Manhattan Bank (National Association), a national banking association with its principal executive office at 1 Chase Manhattan Plaza, New York, New York 10081 and its unit investment trust office at 770 Broadway, New York, New York 10003.

Unitholders who have questions regarding the Trusts may call the Customer Service Help Line at 1-800- . The Trustee is subject to supervision and examination by the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System.

The Trustee, whose duties are ministerial in nature, has not participated in selecting the portfolio of any Trust. For information relating to the responsibilities of the Trust under the Trust Agreements, reference is made to the material set forth under "Trust Information-Unitholders."

In accordance with the Trust Agreements, the Trustee shall keep records of all transactions at its office. Such records shall include the name and address of, and the number of Units held by, every Unitholder of each Trust. Such books and records shall be open to inspection by any Unitholder of such Trust at all reasonable times during usual business hours. The

Trustee shall make such annual or other reports as may from time to time be required under any applicable state or federal statute, rule or regulation. The Trustee shall keep a certified copy or duplicate original of the Trust Agreements on file in its office available for inspection at all reasonable times during usual business hours by any Unitholder, together with a current list of the Securities held in each Trust. Pursuant to the Trust Agreements, the Trustee may employ one or more agents for the purpose of custody and safeguarding of Securities comprising the Trusts. Under the Trust Agreements, the Trustee or any successor trustee may resign and be discharged of its duties created by the Trust Agreements by executing an instrument in writing and filing the same with the Sponsor.

The Trustee or successor trustee must mail a copy of the notice of resignation to all Unitholders then of record, not less than 60 days before the date specified in such notice when such resignation is to take effect. The Sponsor upon receiving notice of such resignation is obligated to appoint a successor trustee promptly. If, upon such resignation, no successor trustee has been appointed and has accepted the appointment within 30 days after notification, the retiring Trustee may apply to a court of competent jurisdiction for the appointment of a successor. The Sponsor may remove the Trustee, and appoint a successor trustee as provided in the Trust Agreements. Notice of such removal and appointment shall be mailed to each Unitholder by the Sponsor. Upon execution of a written acceptance of such appointment by such successor trustee, all the rights, powers, duties and obligations of the original Trustee shall vest in the successor. The Trustee shall be a corporation organized under the laws of the United States, or any state thereof, which is authorized under such laws to exercise trust powers. The Trustee shall have at all times an aggregate capital, surplus and undivided profits of not less than \$5,000,000.

THE EVALUATOR. National Financial Services Corporation, the Sponsor, also serves as Evaluator. The Evaluator may resign or be removed by the Trustee in which event the Trustee is to use its best efforts to appoint a satisfactory successor. Such resignation or removal shall become effective upon acceptance of appointment by the successor evaluator. If upon resignation of the Evaluator no successor has accepted appointment within 30 days after notice of resignation, the Evaluator may apply to a court of competent jurisdiction for the appointment of a successor. Notice of such resignation or removal and appointment shall be mailed by the Trustee to each Unitholder.

AMENDMENT AND TERMINATION. The Trust Agreements may be amended by the Trustee and the Sponsor without the consent of any of the Unitholders: (i) to cure any ambiguity or to correct or supplement any provision which may be defective or inconsistent; (ii) to change any provision thereof as may be required by the Securities and Exchange Commission or any successor governmental agency; or (iii) to make such provisions as shall not adversely affect the interests of the Unitholders. The Trust Agreements with respect to the Trusts may also be amended in any respect by the Sponsor and the Trustee, or any of the provisions thereof may be waived, with the consent of the holders of Units representing 66 2/3% of the Units then outstanding of such Trust, provided that no such amendment or waiver will reduce the interest of any Unitholder thereof without the consent of

such Unitholder or reduce the percentage of Units required to consent to any such amendment or waiver without the consent of all Unitholders of such Trust. In no event shall any Trust Agreement be amended to increase the number of Units of a Trust issuable thereunder or to permit, except in accordance with the provisions of such Trust Agreement, the acquisition of any Securities in addition to or in substitution for those initially deposited in a Trust. The Trustee shall promptly notify Unitholders of the substance of any such amendment.

The Trust Agreements provide that the Trusts shall terminate upon the maturity, redemption or other disposition of the last of the Securities held in a Trust. If the value of a Trust shall be less than the applicable minimum value stated under "Essential Information," the Trustee may, in its discretion, and shall, when so directed by the Sponsor, terminate the Trust. A Trust may be terminated at any time by the Unitholders representing 66 2/3% of the Units thereof then outstanding. In the event of termination of a Trust, written notice thereof will be sent by the Trustee to all Unitholders of such Trust. Within a reasonable period after termination, the Trustee will sell any Securities remaining in such Trust and, after paying all expenses and charges incurred by the Trust, will distribute to Unitholders thereof (upon surrender for cancellation of certificates for Units, if issued) their pro rata share of the balances remaining in the Interest and Principal Accounts of such Trust.

**LIMITATIONS ON LIABILITY. The Sponsor:** The Sponsor is liable for the performance of its obligations arising from its responsibilities under the Trust Agreements, but will be under no liability to the Unitholders for taking any action or refraining from any action in good faith pursuant to the Trust Agreements or for errors in judgment, except in cases of its own gross negligence, bad faith or willful misconduct. The Sponsor shall not be liable or responsible in any way for depreciation or loss incurred by reason of the sale of any Securities.

**The Trustee:** The Trust Agreements provide that the Trustee shall be under no liability for any action taken in good faith in reliance upon prima facie properly executed documents or for the disposition of monies, Securities or certificates except by reason of its own gross negligence, bad faith or willful misconduct, nor shall the Trustee be liable or responsible in any way for depreciation or loss incurred by reason of the sale by the Trustee of any Securities. In the event that the Sponsor shall fail to act, the Trustee may act and shall not be liable for any such action taken by it in good faith. The Trustee shall not be personally liable for any taxes or other governmental charges imposed upon or in respect of the Securities or upon the interest thereon. In addition, the Trust Agreements contain other customary provisions limiting the liability of the Trustee.

**The Evaluator:** The Trustee and Unitholders may rely on any evaluation furnished by the Evaluator and shall have no responsibility for the accuracy thereof. The Trust Agreements provide that the determinations made by the Evaluator shall be made in good faith upon the basis of the best information available to it, provided, however, that the Evaluator shall be under no liability to the Trustee or Unitholders for errors in judgment, but shall be liable only for its gross negligence, lack of good faith or willful misconduct.

## TRUST EXPENSES

The Sponsor will charge the Trusts a surveillance fee for services performed for the Trusts in an amount not to exceed that amount set forth in "Essential Information" but in no event will such compensation, when combined with all compensation received from other unit investment trusts for which the Sponsor both acts as sponsor and provides portfolio surveillance, exceed the aggregate cost to the Sponsor for providing such services. Such fee shall be based on the total number of Units of the related Trust outstanding as of the January Record Date for any annual period. The Sponsor will receive a portion of the sales commissions paid in connection with the purchase of Units and will share in profits, if any, related to the deposit of Securities in the Trusts.

The Trustee receives for its services fees set forth under "Essential Information." The Trustee fee which is calculated monthly is based on the largest aggregate principal amount of Securities in a Trust at any time during the period. In no event shall the Trustee be paid less than \$2,000 per Trust in any one year. Funds that are available for future distributions, redemptions and payment of expenses are held in accounts which are non-interest bearing to Unitholders and are available for use by the Trustee pursuant to normal trust procedures; however, the Trustee is also authorized by the Trust Agreements to make from time to time certain non-interest bearing advances to the Trusts. During the first year the Trustee has agreed to lower its fees and absorb expenses by the amount set forth under "Essential Information." The Trustee's fee will not be increased in future years in order to make up this reduction in the Trustee's fee. The Trustee's fee is payable on or before each Distribution Date.

For evaluation of Securities in each Trust, the Evaluator shall receive a fee, payable monthly, calculated on the basis of that annual rate set forth under "Essential Information," based upon the largest aggregate principal amount of Securities in such Trust at any time during such monthly period. The fee may exceed the actual costs of providing evaluation services for these trusts, but in no event will the total amount received for evaluation services rendered to unit investment trust of which NFSC acts as Sponsor in any calendar year exceed the aggregate cost to the Evaluator of supplying such services in such years.

The Trustee's and Evaluator's fees are deducted first from the Interest Account of a Trust to the extent funds are available and then from the Principal Account. Such fees may be increased without approval of Unitholders by amounts not exceeding a proportionate increase in the Consumer Price Index entitled "All Services Less Rent of Shelter," published by the United States Department of Labor, or any equivalent index substituted therefor. In addition, the Trustee's fee may be periodically adjusted in response to fluctuations in short-term interest rates (reflecting the cost to the Trustee of advancing funds to a Trust to meet scheduled distributions).

Expenses incurred in establishing the Trusts, including the cost of the initial preparation of documents relating to the Trusts, federal and state registration fees, the initial fees and expenses of the Trustee, legal expenses and any other non-material out-of-pocket expenses, will be paid by the Trusts and amortized over the lesser of five years or the life of the

Trusts. The following additional charges are or may be incurred by the Trusts: (i) fees for the Trustee's extraordinary services; (ii) expenses of the Trustee (including legal and auditing expenses and insurance costs for an Insured Utility Portfolio, but not including any fees and expenses charged by any agent for custody and safeguarding of Securities) and of bond counsel, if any; (iii) various governmental charges; (iv) expenses and costs of any action taken by the Trustee to protect a Trust or the rights and interests of the Unitholders; (v) indemnification of the Trustee for any loss, liability or expense incurred by it in the administration of a Trust not resulting from gross negligence, bad faith or willful misconduct on its part; (vi) indemnification of the Sponsor for any loss, liability or expense incurred in acting in that capacity without gross negligence, bad faith or willful misconduct; and (vii) expenditures incurred in contacting Unitholders upon termination of the Trusts. The fees and expenses set forth herein are payable out of the appropriate Trust and, when owing to the Trustee, are secured by a lien on such Trust. Fees or charges relating to a Trust shall be allocated to each Trust in the same ratio as the principal amount of such Trust bears to the total principal amount of all Trusts. Fees or charges relating solely to a particular Trust shall be charged only to such Trust.

Fees and expenses of the Trusts shall be deducted from the Interest Account thereof, or, to the extent funds are not available in such Account, from the Principal Accounts. The Trustee may withdraw from the Principal Account or the interest Account of any Trust such amounts, if any, as it deems necessary to establish a reserve for any taxes or other governmental charges or other extraordinary expenses payable out of the Trust. Amounts so withdrawn shall be credited to a separate account maintained for a Trust known as the Reserve Account and shall not be considered a part of the Trust when determining the value of the Units until such time as the Trustee shall return all or any part of such amounts to the appropriate account.

#### THE SPONSOR

NFSC is a registered broker and dealer and a member of The New York Stock Exchange, Inc., and various other national and regional exchanges. As a securities broker and dealer, NFSC is engaged in various securities trading, brokerage and clearing activities serving a diverse group of domestic corporations, institutional and individual investors, and brokers and dealers.

NFSC is a wholly owned subsidiary of Fidelity Brokerage Services, Inc. ("FBSI"). NFSC was incorporated in Massachusetts, June 3, 1981. FBSI is a wholly owned subsidiary of FMR Corp. ("FMR"). Edward C. Johnson 3d owns approximately 12% and Abigail P. Johnson owns approximately 24.5% of the issued and outstanding shares of the Voting Common Stock of FMR. Members of the Edward C. Johnson 3d family and trusts for their benefit control up to 49% of the voting shares of FMR.

If at any time the Sponsor shall fail to perform any of its duties under the Trust Agreements or shall become incapable of acting or shall be adjudged a bankrupt or insolvent or shall have its affairs taken over by public authorities, then the Trustee may (a) appoint a successor sponsor at rates of compensation deemed by the Trustee to be reasonable and not exceeding such reasonable amounts as may be prescribed by the Securities

and Exchange Commission, or (b) terminate the Trust Agreements and liquidate the Trusts as provided therein, or (c) continue to act as Trustee without terminating the Trust Agreements.

The foregoing financial information with regard to the Sponsor relates to the Sponsor only and not to these Trusts. Such information is included in this Prospectus only for the purpose of informing investors as to the financial responsibility of the Sponsor and its ability to carry out its contractual obligations with respect to the Trusts. More comprehensive financial information can be obtained upon request from the Sponsor.

#### LEGAL OPINIONS

The legality of the Units offered hereby and certain matters relating to federal tax law have been passed upon by Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603, as special counsel to the Sponsor.

#### INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The statements of condition and the related portfolios at the Initial Date of Deposit included in this Prospectus have been audited by Deloitte & Touche LLP independent certified public accountants, as set forth in their report in the Prospectus, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing.

#### ESTIMATED CASH FLOWS TO UNITHOLDERS

The tables below set forth the per 100 Units estimated distributions of interest and principal to Unitholders. The tables assume no changes in Trust expenses, no redemptions or sales of the underlying Securities prior to maturity and the receipt of all principal due upon maturity. To the extent the foregoing assumptions change actual distributions will vary.

#### FIDELITY DEFINED TRUSTS

##### LADDERED GOVERNMENT SERIES 1

ESTIMATED ESTIMATED ESTIMATED

INTEREST PRINCIPAL TOTAL

DATES DISTRIBUTION DISTRIBUTION DISTRIBUTION

#### FIDELITY DEFINED TRUSTS

##### LADDERED GOVERNMENT SERIES 2

ESTIMATED ESTIMATED ESTIMATED

INTEREST PRINCIPAL TOTAL

DATES DISTRIBUTION DISTRIBUTION DISTRIBUTION



FIDELITY DEFINED TRUSTS  
ROLLING GOVERNMENT SERIES 1  
ESTIMATED ESTIMATED ESTIMATED  
INTEREST PRINCIPAL TOTAL  
DATES DISTRIBUTION DISTRIBUTION DISTRIBUTION

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

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

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

THE COMMONWEALTH OF MASSACHUSETTS  
SECRETARY OF THE COMMONWEALTH  
STATE HOUSE, BOSTON, MASSACHUSETTS 02133  
WILLIAM FRANCIS GALVIN

SECRETARY OF THE  
COMMONWEALTH

June 16, 1995

TO WHOM IT MAY CONCERN:

I hereby certify that according to the records of this office  
NATIONAL FINANCIAL SERVICES CORPORATION  
is a domestic corporation organized on JUNE 3, 1981, under the General Laws  
of the Commonwealth of Massachusetts.

I further certify that there are no proceedings presently pending under  
the Massachusetts General Laws Chapter 156B section 101 for said  
corporations dissolutions; that articles of dissolution have not been filed  
by said corporation; that, the corporation has filed all annual reports,  
and paid all fees with respect to such reports, and so far as appears of  
record said corporation has legal existence and is no good standing with  
this office.

In testimony of which,  
I have hereunto affixed the  
Great Seal of the Commonwealth  
on the date first above written.  
Secretary of the Commonwealth

\*This is not a tax clearance. Certificates certifying that all taxes due  
and payable by the corporation have been paid or provided for are issued by  
the Department of Revenue.

THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE MASSACHUSETTS SECRETARY OF STATE  
MICHAEL JOSEPH CONNOLLY, SECRETARY  
ONE ASHBURTON PLACE, BOSTON, MA 02108  
FEDERAL IDENTIFICATION  
NO. 4-2732935

ARTICLES OF AMENDMENT  
General Laws, Chapter 156B, Section 72

This certificate must be submitted to the Secretary of the Commonwealth  
within sixty days after the date of the vote of stockholders adopting the  
amendment. The fee for filing this certificate is prescribed by General  
Laws, Chapter 156B, Section 114. Make check payable to the Commonwealth of  
Massachusetts.

We, Frank J. Somma Executive Vice President, and  
Arthur S. Loring Clerk

NATIONAL FINANCIAL SERVICES CORPORATION  
(Name of Corporation)

located at 161 Devonshire Street, Boston, MA 02109

do hereby certify that a following amendment to the articles of  
organization of the corporation was duly adopted by unanimous written

consent on September 29, 1983, by vote of  
100 shares of Common Stock out of 100 shares outstanding  
(Class of Stock)  
shares of out of shares outstanding, and  
(Class of Stock)  
shares of out of shares outstanding,  
(Class of Stock)

CROSS OUT being at least a majority of each class outstanding and  
INAPPLICABLE entitled to vote thereon:1 [two thirds of each class  
CLAUSE outstanding and entitled to vote thereon and of each class or  
series of stock whose rights are adversely affected thereby.]2

VOTED: That Article 5. be amended in its entirety as set forth below:

That Paragraphs 5.1 through 5.14 be deleted and Paragraphs 5.15 and 5.16  
be substituted as Paragraphs 5.1 and 5.2.

Note: If the space provided under any Amendment or item on this form is  
insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of  
paper leaving a left hand margin of at least 1 inch for binding. Additions  
to more than one Amendment may be continued on a single sheet so long as  
each Amendment requiring each such addition is clearly indicated.

1 For amendments adopted pursuant to Chapter 156B, Section 70

2 For amendments adopted pursuant to Chapter 156B, Section 71

The foregoing amendment will become effective when these articles of amendment are filed in accordance with Chapter 156B, Section 6 of The General Laws unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than thirty days after such filing, in which event the amendment will become effective on such later date.

IN WITNESS WHEREOF OF UNDER THE PENALTIES OF PERJURY, we have hereto signed our names this Sixth day of September, in the year 1983.

Executive Vice President

Clerk

BY-LAWS

of

NATIONAL FINANCIAL SERVICES CORPORATION

#### ARTICLE I

##### Articles of Organization

The name and purposes of the Corporation shall be as set forth in the Articles of Organization. These By-Laws, the powers of the Corporation and of its Directors and stockholders, and all matters concerning the conduct and regulation of the business of the Corporation shall be subject to such provisions in regard thereto, if any, as are set forth in the Articles of Organization; and the Articles of Organization, as from time to time amended, are hereby made a part of these By-Laws. All references in these By-Laws to the Articles of Organization shall be construed to mean the Articles of Organization of the Corporation as from time to time amended.

#### ARTICLE II

##### Annual Meeting of Stockholders

The annual meeting of stockholders shall be held on the third Wednesday in April in each year at such hour as may be fixed by vote of the Board of Directors or, if the Board shall not fix such hour, as may be determined by the President and set forth in the notice thereof, unless that day be a legal holiday at the site of the meeting, in which case the meeting shall be held at the same hour on the next succeeding business day at the site of the meeting. Purposes for which an annual meeting is to be held, in addition to those prescribed by law, by the Articles of Organization and by these By-Laws, may be specified by the President, or by a vote of a majority of the Directors then in office, or by one or more stockholders

who are entitled to vote and who hold in the aggregate at least ten percent (10%) of the capital stock entitled to vote at the meeting.

If such annual meeting is omitted on the day herein provided therefor, a special meeting of stockholders may be held in place thereof and any business transacted or elections held at such special meeting shall have the same effect as if transacted or held at the annual meeting, and, in such case, all references in these By-Laws, except in this Article II and in Article IV, to the annual meeting of stockholders shall be deemed to refer to such special meeting. Any such special meeting shall be called, and the purposes thereof shall be specified in the notice thereof, as provided in Article III.

#### ARTICLE III

##### Special Meetings of Stockholders

A special meeting of stockholders may be called at any time by the President or by a majority of the Directors then in office. A special meeting of stockholders shall be called by the Clerk, or in the case of the death, absence, incapacity or refusal of the Clerk, by any other officer, upon written application of one or more stockholders who hold in the aggregate at least ten percent (10%) of the capital stock entitled to vote at the meeting. Such call shall state the time, place and purpose of the meeting.

#### ARTICLE IV

##### Place of Stockholders' Meetings

The annual meeting of stockholders and any special meeting of stockholders, by whomever called, shall be held at the principal office of the Corporation in Massachusetts, or at such other place in Massachusetts or within the continental limits of the United States of America as may be determined by the Board of Directors (or, in the event such meeting shall have been called upon the application of stockholders, by such stockholders) and stated in the notice thereof. Any adjourned session of any annual or special meeting of stockholders shall be held within the continental limits of the United States at such place as is designated in the vote of adjournment.

#### ARTICLE V

##### Notice of Stockholders' Meetings

A written notice of each annual or special meeting of stockholders, stating the place, date and hour thereof, and the purpose or purposes for which the meeting is to be held, shall be given at least seven (7) days before the meeting to each stockholder entitled to vote thereat, and to each stockholder who, under the Articles of Organization or these By-Laws, is entitled to such notice, by leaving such notice with him or at his residence, or usual place of business, or by mailing it, postage prepaid, addressed to such stockholder at his address as it appears in the records of the Corporation. Such notice shall be given by the Clerk, by any other officer, or by a person designated either by the Clerk or by the person or persons calling the meeting, or by the Board of Directors. No notice of the time, place or purposes of any annual or special meeting of stockholders shall be required to be given to a stockholder if a written waiver of such notice is executed before or after the meeting by such stockholder, or by his attorney thereunto authorized, and filed with the records of the meeting.

## ARTICLE VI

### Quorum of Stockholders

At any meeting of stockholders, a quorum for the election of any Director or officer, or for the consideration of any question, shall consist of a majority in interest of all stock issued, outstanding and entitled to vote at such election, or upon such question, respectively; except that if two or more classes of stock are entitled to vote as separate classes upon any question, then, in the case of each such class, a quorum for the consideration of such question shall consist of a majority in interest of all stock of that class issued, outstanding and entitled to vote; and except in any case where a larger quorum is required by law, by the Articles of Organization or by these By-Laws. Stock owned by the Corporation, if any, shall not be deemed outstanding for this purpose. In any case, any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

When a quorum is present at any meeting, a plurality of the votes properly cast for any office shall elect to such office, except where a larger vote is required by law, by the Articles of Organization or by these By-Laws, and a majority of the votes properly cast upon any other question (or if two or more classes of stock are entitled to vote as separate classes upon such question, then, in the case of each such class, a majority of the vote of such class properly cast upon the question), except in any case where a larger vote is required by law, by the Articles of Organization or by these By-Laws, shall decide the matter.

## ARTICLE VII

### Proxies and Voting

Except as may be provided in the Articles of Organization, with respect to two or more classes or series of stock, stockholders entitled to vote shall have one vote for each share of stock entitled to vote owned by them and a proportionate vote for each fractional share. No ballot shall be required for such election unless requested by a stockholder present or represent at the meeting and entitled to vote in the election. The Corporation shall not, directly or indirectly, vote upon any share of its own stock.

Stockholders entitled to vote may vote either in person or by proxy in writing dated not more than six (6) months before the meeting named therein, which proxies shall be filed with the Clerk of the meeting, or any adjournment thereof, before being voted. Such proxies shall entitle the holders thereof to vote at any adjournment of such meeting, but shall not be valid after the final adjournment of such meeting.

Any action to be taken by stockholders may be taken without a meeting if all stockholders entitled to vote on the matter consent to the action by a writing or writings filed with the records of the meetings of stockholders. Such consent shall be treated for all purposes as a vote at a meeting.

The Chairman of the Board, if there be one, or in his absence the President, or in the absence of both the Chairman and the President a vice-president, shall call meetings of the stockholders to order and shall act as chairman thereof. The Clerk of the Corporation, if present, shall record the proceedings of all meetings of stockholders and, in his absence, the presiding officer may appoint a clerk pro tempore of the meeting.

## ARTICLE VIII

## Board of Directors

The Board of Directors shall consist of not fewer than three, nor more than nine, Directors. Directors shall be elected annually (by ballot if so requested by any stockholder entitled to vote) at the annual meeting of stockholders by such stockholders as have the right to vote at such election. The number of Directors for each corporate year shall initially be fixed by vote at the meeting at which they are elected, and if not so fixed shall be the number of Directors immediately prior to such meeting.

Any such action which may by law, the Articles of Organization or these By-Laws be taken by a majority of the Board of Directors then in office may be taken by the sole Director when and if the Corporation has only one Director.

At any time during any year the number of the Board of Directors may be increased by vote of a majority of the Directors then in office. At any time during any year, the whole number of Directors may be increased or reduced by the stockholders at a meeting called for the purpose and, in the case of a reduction, the particular directorships which shall terminate shall be determined by the stockholders, in each case by vote of a majority of the stock outstanding and entitled to vote for the election of Directors, or, in the case of a reduction which involves the termination of the directorship of an incumbent Director, by such larger vote, if any, as would be re required to remove such incumbent from office.

Each newly-created directorship resulting from any increase in the number of Directors may be filled in the manner provided in Article XIX.

No Director need be a stockholder except as may be otherwise provided by law, by the Articles of Organization or these By-Laws. Each Director shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified, or until he sooner dies, resigns or is removed.

## ARTICLE IX

### Powers of Directors

The business, property and affairs of the Corporation shall be managed by, and be under the control and direction of, the Board of Directors, which shall have and may exercise all the powers of the Corporation except such as are conferred upon the stockholders or other officers by law, by the Articles of Organization or by these By-Laws.

Except as may be otherwise specifically provided by law or by vote of the stockholders, the Board of Directors is expressly authorized to issue, from time to time, all or any portion or portions of the capital stock of the Corporation of any class, which may have been authorized but not issued or otherwise reserved for issue, to such person or persons and for such consideration (but not less than the par value thereof in case of stock having par value), whether cash, tangible or intangible property, good will, services or expenses, as they may deem best, without first offering (for subscription or sale) such authorized but unissued stock to any present or future stockholders of the Corporation, and generally in their absolute discretion to determine the terms and manner of any disposition of such authorized but unissued stock.

The Board of Directors may delegate from time to time to any committee, officer or agent such powers and authority as the law, the Articles of Incorporation and these By-Laws may permit. The Board of Directors in its



discretion may appoint and remove and determine the compensation and duties in addition to those fixed by law, the Articles of Incorporation and these By-Laws, of all the officers, representatives, agents, employees, and servants of the Corporation. The Board of Directors shall have power to fix a reasonable compensation or fee for the attendance of their members at meetings of the Board. The Board of Directors shall have the power, from time to time, to fix and determine and to vary the amount of working capital of the Corporation and to direct and determine the use and disposition of any surplus or net profits of the Corporation and to direct and determine the use and disposition of any surplus or net profits of the Corporation over and above the amount contributed as, or constituting, capital paid in. The Board of Directors, in its discretion, shall, from time to time, declare what, if any, dividends shall be paid on the stock of the Corporation out of the remaining surplus or net profits, and any dividend so declared shall be payable at such time or times as the Board shall determine.

#### ARTICLE X

##### Committees of Directors

The Board of Directors, by vote of a majority of the Directors then in office, may at any time elect from its own number an executive committee and/or one or more other committees, to consist of not less than two members, and may from time to time designate or alter, within the limits permitted by this Article X, the duties and powers of such committees or change their membership, and may at any time abolish such committees or any of them.

Any committee shall be vested with such powers of the Board of Directors as the Board may determine in the vote establishing such committee or in a subsequent vote of a majority of directors then in office, provided, however, that no such committee shall have any power prohibited by law, or the Articles of Organization, or the power

- (a) to change the principal office of the Corporation;
  - (b) to amend or authorize the amendment of the Articles of Organization
- or
- these By-Laws;
  - (c) to issue stock;
  - (d) to establish and designate series of stock, and fix and determine the relative
- rights and preferences of any series of stock;
- (e) to elect officers required by law, the Articles of Organization or
- these
- By-Laws to be elected by stockholders or Directors, and to fill vacancies
- in
- any such office;
  - (f) to change the number of the Board of Directors and to fill vacancies
- in the
- Board of Directors;
  - (g) to remove officers or Directors from office;
  - (h) to authorize the payment of dividend or distribution to stockholders;
  - (i) to authorize the reacquisition for value of stock of the Corporation;
  - (j) to authorize a merger or consolidation of the Corporation or a sale

or other

disposition of all or substantially all the property and business of the Corporation; or

(k) to authorize the liquidation or dissolution of the Corporation; and provided further, that the fact that a particular power appears in the foregoing enumeration of powers denied to committees of the Board of Directors shall not be construed to over-ride by implication any other provision of the Articles of Organization or these By-Laws limiting or denying to the Board of Directors the right to exercise such power.

Each member of a committee shall hold office until the first meeting of the Board of Directors following the next annual meeting of stockholders (or until such other time as the Board of Directors may determine, either in the vote establishing the committee or at the election of such member) and until his successor is elected and qualified, or until he sooner dies, resigns, is removed, is replaced by change of membership or becomes disqualified by ceasing to be a Director, or until the committee is sooner abolished by the Board of Directors.

A majority of the members of any committee then in office, but not fewer than two, shall constitute a quorum for the transaction of business, but any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice. Each committee may make rules not inconsistent herewith for the holding and conduct of its meetings, but unless otherwise provided in such rules its meetings shall be held and conducted in the same manner as nearly as may be as is provided in these By-Laws for meetings of the Board of Directors. The Board of Directors shall have the power to rescind any vote or resolution of any committee; provided, however, that no rights of third parties shall be impaired by such rescission.

#### ARTICLE XI

Meetings of the Board of Directors;

Action without a Meeting

Regular meetings of the Board of Directors may be held without call or notice at such places and at such times as the Board may from time to time determine; provided, however, that reasonable notice of such determination and of any changes therein is given to each member of the Board then in office. A regular meeting of the Board of Directors for the purpose of electing officers and agents may be held without call or notice immediately after and at the same place as the annual meeting of stockholders, and, if held upon due call or notice for such other and further purposes as may be specified in such call or notice.

Special meetings of the Board of Directors may be held at any time and at any place when called by the President, the Treasurer, the Chairman of the Board, if there be one, or two or more Directors, reasonable notice thereof being given to each Director by the Secretary, or, if there be no Secretary, by the Clerk, or, in the case of death, absence, incapacity or refusal of the Secretary (or the Clerk, as the case may be), by the officer or Directors calling the meeting. In any case, it shall be deemed sufficient notice to a Director to send notice by mail at least forty-eight (48) hours, or by telegram at least twenty-four (24) hours, before the meeting, addressed to him at his usual or last known business or residence

address; or to give notice to him in person, either by telephone or by handing him a written notice, at least twenty-four (24) hours before the meeting.

Notwithstanding the foregoing, notice of a meeting need not be given to any Director if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting prior thereto, or at its commencement, the lack of notice to him.

Members of the Board of Directors or any Committee designated thereby may participate in a meeting of the Board or such committee by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at such meeting.

Any action required or permitted to be taken at any meeting of the Directors may be taken without a meeting if a written consent thereto is signed by all the Directors and such written consent is filed with the records of the meetings of the Directors. Such consent shall be treated as a vote at a meeting for all purposes. Such consent may be executed in one or more counterparts and not every Director need sign the same counterpart.

#### ARTICLE XII

##### Quorum of Directors

At any meeting of the Board of Directors, a quorum for any election, or for the consideration of any question, shall consist of a majority of the Directors then in office, but any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, the votes of a majority of the Directors present shall be requisite and sufficient for election to any office, and a majority of the Directors present shall decide any question brought before such meeting except in any case where a larger vote is required by law, by the Articles of Organization or by these By-Laws.

#### ARTICLE XIII

##### Officers and Agents

The officers of the Corporation shall be a President, a Treasurer, a Clerk, and such other officers, which may include a Chairman of the Board, a Secretary, a Controller, one or more Vice Presidents, Assistant Treasurers, Assistant Clerks, or Assistant Controllers, as the Board of Directors may, in its discretion, elect or appoint. The Corporation may also have such agents, if any, as the Board of Directors may, in its discretion, appoint. The President need not be a Director. The Clerk shall be a resident of Massachusetts unless the Corporation has a resident agent appointed for the purpose of receiving service of process. So far as is permitted by law, any two or more offices may be held by the same person.

Subject to law, to the Articles of Organization and the other provisions of these By-Laws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to his office and as the Board of Directors may from time to time designate.

The President, Treasurer, and Clerk (and the Secretary and Chairman of the Board, if, as the case may be, there be one) shall be elected annually by

the Board of Directors at its first meeting following the annual meeting of stockholders, by the vote of a majority of the full Board of Directors. Such other officers of the Corporation as may be created in accordance with these By-Laws may be filled at such meeting by vote of a majority of the full Board of Directors or any other time by vote of a majority of the Directors then in office.

Each officer shall (subject to Article XVIII of these By-Laws) hold office until the first meeting of the Board of Directors following the next annual meeting of stockholders and until his successor is elected or appointed and qualified, or until he sooner dies, resigns, is removed, or becomes disqualified. Each agent shall retain his authority at the pleasure of the Board of Directors.

Any officer, employee, or agent of the Corporation may be required, as and if determined by the Board of Directors, to give bond for the faithful performance of his duties.

#### ARTICLE XIV

President and Vice Presidents; Chairman of the Board

The President shall be the chief executive officer of the Corporation and shall have general charge and supervision of the business, property and affairs of the Corporation and such other powers and duties as the Board of Directors may prescribe, subject to the control of the Board of Directors, unless otherwise provided by law, the Articles of Organization, these By-Laws or by specific vote of the Board of Directors. Unless a Chairman of the Board shall have been elected, the President shall preside at all meetings of stockholders and of the Board of Directors at which he is present except as otherwise voted by the Board of Directors.

Any Vice President shall have such duties and powers as shall be designated from time to time by the Board of Directors or by the President, and, in any case, shall be responsible to and shall report to the President. In the absence or disability of the President, the Vice President or, if there be more than one, the Vice Presidents in the order of their seniority or as otherwise designated by the Board of Directors, shall have the powers and duties of the President.

The Chairman of the Board, if there be one, shall be a member of the Board of Directors and shall preside at its meetings and at the meetings of the stockholders. He shall keep himself informed of the administration of the affairs of the Corporation, shall advise and counsel with the President, and, in the President's absence, with other officers of the Corporation, and shall perform such other duties as may from time to time be assigned to him by the Board of Directors.

#### ARTICLE XV

Treasurer and Assistant Treasurer

The Treasurer shall be the chief financial officer of the Corporation and shall be in charge of its funds and the Board of Directors, and shall have such duties and powers as are commonly incident to the office of a corporate treasurer and such other duties and powers as may be prescribed from time to time by the Board of Directors or by the President. If no Controller is elected, the Treasurer shall also have the duties and powers of the Controller as provided in these By-Laws. The Treasurer shall be responsible to and shall report to the Board of Directors, but in the ordinary conduct of the Corporation's business, shall be under supervision

of the President.

Any Assistant Treasurer shall have such duties and powers as shall be prescribed from time to time by the Board of Directors or by the Treasurer, and shall be responsible to and shall report to the Treasurer. In the absence or disability of the Treasurer, the Assistant Treasurer or, if there be more than one, the Assistant Treasurers in their order of seniority or as otherwise designated by the Board of Directors shall have the powers and duties of the Treasurer.

#### ARTICLE XVI

##### Controller

If a Controller is elected, he shall be the chief accounting officer of the Corporation and shall be in charge of its books of account and accounting records and of its accounting procedures, and shall have such duties and powers as are commonly incident to the office of a corporate controller and such other duties and powers as may be prescribed from time to time by the Board of Directors or by the President. The Controller shall be responsible to and shall report to the Board of Directors, but in the ordinary conduct of the Corporation's business, shall be under the supervision of the President.

Any Assistant Controller shall have duties and powers as shall be prescribed from time to time by the Board of Directors or by the Controller, and shall be responsible to and shall report to the Controller. If the absence or disability of the Controller, the Assistant Controller or, if there be more than one, Assistant Controllers in the order of seniority or as otherwise designated by the Board of Directors, shall have the powers and duties of the Controller.

#### ARTICLE XVII

##### Clerk, Secretary; Assistant Clerk and Assistant Secretary

The Clerk shall record all proceedings of the stockholders in books to be kept therefor, and shall have custody of the Corporation's records, documents and valuable papers. In the absence of the Clerk from any such meeting, the Secretary, if any, may act as temporary clerk, and shall record the proceedings thereof in the aforesaid books, or a temporary clerk may be chosen by vote of the meeting.

The Clerk shall also keep, or cause to be kept, the stock transfer records of the Corporation which shall contain a complete list of the names and addresses of all stockholders and the amount of stock held by each.

Unless the Board of Directors shall otherwise designate, the Clerk or, in his absence, the Assistant Clerk, if any, shall have custody of the corporate seal and be responsible for affixing it to such documents as may be required to be sealed.

The Clerk shall have such other duties and powers as are commonly incident to the office of a corporate clerk, and such other duties and powers as may be prescribed from time to time by the Board of Directors or by the President.

If no Secretary is elected, the Clerk shall also record all proceedings of the Board of Directors and of any meetings of any committees of the Board, and, in his absence from any such meeting, a temporary clerk shall be chosen who shall record the proceedings thereof.

The Secretary shall attend all meetings of the Board of Directors and shall record the proceedings thereat in books provided for that purpose

which shall be open during business hours to the inspection of any Director. He shall notify the Directors of the meetings in accordance with these By-Laws and shall have and may exercise such other powers and duties as the Board of Directors may prescribe. In the absence of the Secretary at a meeting of the Board of Directors, a temporary secretary shall be chosen.

Any Assistant Clerk and any Assistant Secretary shall have such duties and powers as shall from time to time be designated by the Board of Directors or the Clerk or the Secretary, respectively, and shall be responsible to and shall report to the Clerk and the Secretary, respectively.

#### ARTICLE XVIII

##### Resignations and Removals

Any Director or officer may resign at any time by delivering his resignation in writing to the President, the Clerk or the Secretary, or to a meeting of the Board of Directors. The stockholders may, by vote of a majority in interest of the stock issued and outstanding and entitled to vote at an election of Directors, remove any Director or Directors from office with or without cause; provided, however, that the Directors of a class elected by a particular class of stockholders may be removed only by the vote of the holders of a majority of the shares of such class. The Board of Directors may, by vote of the majority of the Directors in office, remove any Director from office with cause, or remove any officer from office, with or without cause. The Board of Directors may, at any time by vote of a majority of the Directors present and voting, terminate or modify the authority of any agent. No Director or officer resigning and (except where a right to receive compensation for a definite future period shall be expressly provided in a written agreement with the Corporation, duly approved by the Board of Directors) no Director or officer removed shall have any right to any compensation as such Director or officer for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month, by the year or otherwise. Any Director or officer may be removed for cause only after reasonable noticed and opportunity to be heard before the body proposing to remove him.

#### ARTICLE XIX

##### Vacancies

Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from the enlargement of the Board, and any vacancy in any other office, may be filled by the stockholders or, in the absence of stockholder action, by a majority of the Directors then in office.

If the office of any member of any committee or of any other office becomes vacant, the Board of Directors may elect or appoint a successor or successors by vote of a majority of the Directors then in office.

Each successor as a Director or officer shall hold office for the unexpired term and until his successor shall be elected or appointed and qualified, or until he sooner dies, resigns, is removed or becomes disqualified.

The Board of Directors shall have and may exercise all its powers, notwithstanding the existence of one or more vacancies in its number as fixed by either the stockholders or the Directors.

## ARTICLE XX

### Capital Stock

The authorized amount of the capital stock and the par value, if any, of the shares shall be as fixed in the Articles of Organization. At all times when there are two or more classes of stock, the several classes of stock shall conform to the description and terms, and have the respective preferences, voting powers, restrictions and qualifications set forth in the Articles of Organization.

## ARTICLE XXI

### Certificate of Stock

Each stockholder shall be entitled to a certificate of the capital stock of the Corporation owned by him, in such form as shall, in conformity to law, be prescribed from time to time by the Board of Directors. Such certificate shall be signed by either the President or a Vice President, and by either the Treasurer or an Assistant Treasurer, and may, but need not be, sealed with the corporate seal; but when any such certificate is signed by a transfer agent or by a registrar other than a Director, officer, or employee of the Corporation, the signature of the President or a Vice President and of the Treasurer or an Assistant Treasurer of the Corporation, or either or both such signatures and such seal upon such certificate, may be facsimile. If any officer who has signed, or whose facsimile signature has been placed on, any such certificate shall have ceased to be such officer before such certificate is issued, the certificate may be issued by the Corporation with the same effect as if he were such officer at the time of issue.

Every certificate for shares of stock which are subject to any restriction on transfer pursuant to law, the Articles of Organization, these By-Laws, or any agreement to which the Corporation is a party, shall have the restriction noted conspicuously on the certificate, and shall also set forth, on the face or back, either the full text of the restriction or a statement of the existence of such restriction and (except if such restriction is imposed by law) a statement that the Corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge. Every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall set forth on its face or back either the full text of the preferences, voting powers, qualifications, and special and relative rights of the shares of each class and series authorized to be issued, or a statement of the existence of such preferences, powers, qualifications and rights, and a statement that the Corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.

## ARTICLE XXII

### Transfer of Shares of Stock

Subject to the restrictions, if any, stated or noted on the stock certificates, shares of stock may be transferred on the books of the Corporation only by surrender to the Corporation, or its transfer agent, of the certificate therefor, properly endorsed or accompanied by a written assignment or power of attorney properly executed, with all requisite stock transfer stamps affixed, and with such proof of the authenticity and effectiveness of the signature as the Corporation or its transfer agent shall reasonably require. Except as may be otherwise required by law, the

Articles of Organization or these By-Laws, the Corporation shall have the right to treat the person registered on the stock transfer books as the owner of any shares of the Corporation's stock as the owner-in-fact thereof for all purposes, including the payment of dividends, liability for assessments, the right to vote with respect thereto and otherwise, and accordingly shall not be bound to recognize any attempted transfer, pledge or other disposition thereof, or any equitable or other claim with respect thereto, whether or not it shall have actual or other notice thereof, until such shares shall have been transferred on the Corporation's books in accordance with these By-Laws. It shall be the duty of each stockholder to notify the Corporation of his post office address.

#### ARTICLE XXIII

##### Transfer Agents and Registrars; Further Regulations

The Board of Directors may appoint one or more banks, trust companies or corporations doing a corporate trust business, in good standing under the laws of the United States or any state therein, to act as the Corporation's transfer agent and/or registrar for shares of capital stock, and the Board may make such other and further regulations, not inconsistent with applicable law, as it may deem expedient concerning the issue, transfer and registration of capital stock and stock certificates of the Corporation.

#### ARTICLE XXIV

##### Loss of Certificates

In the case of the alleged loss, destruction, or wrongful taking of a certificate of stock, a duplicate certificate may be issued in place thereof upon receipt by the Corporation of such evidence of loss and such indemnity bond, with or without surety, as shall be satisfactory to the President and the Treasurer, or otherwise upon such terms, consistent with law, as the Board of Directors may prescribe.

#### ARTICLE XXV

##### Record Date

The Directors may fix in advance a time, which shall not be more than sixty days before the date of any meeting of stockholders or the date for the payment of any dividend or day on which the consent or dissent of stockholders may be effectively expressed for any purpose, as the record date for determining the stockholders having the right to notice of and to vote at, such meeting and any adjournment thereof, or the right to receive such dividend or distribution, or the right to give such consent or dissent, and in such case, only stockholders of record on such record date shall have such right, notwithstanding any transfer of stock on the books of the Corporation after the record date; or, without fixing such record date, the Directors may, for any such purposes, close the transfer books for all or any part of such period.

#### ARTICLE XXVI

##### Seal

The seal of the Corporation shall, subject to alteration by the Board of Directors, consist of a flat-faced circular die with the word "Massachusetts", together with the name of the Corporation and the year of incorporation, cut or engraved thereon. An impression of the seal impressed upon the original copy of these By-Laws shall be deemed conclusively to be the seal adopted by the Board of Directors.

#### ARTICLE XXVII



## Execution of Papers

Except as the Board of Directors may generally or in particular cases otherwise authorize or direct, all deeds, leases, transfers, contracts, proposals, bonds, notes, checks, drafts and other obligations made, accepted or endorsed by the Corporation shall be signed or endorsed on behalf of the Corporation by its Chairman, if there be one, its President, any one of its Vice Presidents or by its Treasurer.

When so authorized by the Board of Directors, any officer or agent of the Corporation may effect loans and advances at any time for the Corporation secured by mortgage or pledge of the Corporation's property or otherwise, and may do every act and thing necessary or proper in connection therewith. Such authority may be general or confined to specific instances, provided, however, any instrument or other document required to be executed by the Corporation in connection with such loans or advances shall be executed in accordance with the preceding paragraph.

## ARTICLE XXVIII

### Fiscal Year

Except as from time to time provided by the Board of Directors, the fiscal year of the Corporation shall end on the December 31 of each year.

## ARTICLE XXIX

### Indemnification of Directors, Officers, Employees or Others

(a) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) and whether or not made or commenced prior to the adoption of this Article and whether or not based on any act or omission antedating such adoption, by reason of the fact that he is or was a director, officer, trustee, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise in which this Corporation directly or indirectly owns shares or of which it is a creditor, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor, whether or not made or commenced prior to the adoption of this Article and whether or not based on any action or omission antedating

such adoption, by reason of the fact that he is or was a director, officer, trustee, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise in which this Corporation directly or indirectly owns shares or of which it is a creditor, against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Corporation.

(c) To the extent that a director, officer, trustee, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs (a) and (b), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under paragraphs (a) and (b) (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, trustee, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by vote of the stockholders of the Corporation holding a majority of its outstanding voting stock.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in a specific case upon receipt of an undertaking by or on behalf of the director, officer, trustee, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

(f) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, trustee, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise in which this Corporation directly or indirectly owns shares or of which it is a creditor, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability

under the provisions of this Article.

(h) For the purposes of this Article, references to "the Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation so that any person who is or was a director, officer, trustee, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise in which this Corporation directly or indirectly owns shares or of or which it is a creditor, shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity.

#### ARTICLE XXX

##### Voting Stock in Other Corporations

Unless otherwise ordered by the Board of Directors, the Chairman, if there be one, the President or the Treasurer shall have full power and authority on behalf of the Corporation to attend and to act and to vote at any meetings of stockholders of any corporation in which this Corporation may hold stock, and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such stock and which, as the owner thereof, the Corporation might have possessed and exercised if present. The Board of Directors, by resolution from time to time, or, in the absence thereof, the Chairman, if there be one, the President or the Treasurer may confer like powers upon any other person or persons as attorneys and proxies of the Corporation.

#### ARTICLE XXXI

##### Corporate Records

The original or attested copies of the Articles of Organization, By-Laws, and records of all meetings of the incorporators and stockholders, and the stock and transfer records which shall contain the names of all stockholders and the record address and the amount of stock held by each, shall be kept in Massachusetts either at the principal office of the Corporation or at an office of its transfer agent or of the Clerk. Said copies and records need not all be kept in the same office. They shall be available at all reasonable times for inspection by any stockholder for any proper purpose, but not to secure a list of the stockholders for the purpose of selling said list, or copies thereof, or of using the same for a purpose other than in the present interest of the applicant, as a stockholder, relative to the affairs of the Corporation.

#### ARTICLE XXXII

##### Offices

The principal office of the Corporation in Massachusetts shall be initially at 82 Devonshire Street, Boston, Massachusetts, and may be changed at any time and from time to time by order of the Board of Directors, and upon the filing of a certificate of such change in accordance with the Massachusetts Business Corporation Law. The Corporation may have such other offices, within or without Massachusetts, as the Board of Directors may direct or the business of the Corporation require.

#### ARTICLE XXXIII

## Amendments

These By-Laws may be altered, amended or repealed, in whole or in part at any time by vote of the stockholders. The Board of Directors, by a majority vote of Directors at the time in office, may alter, amend or repeal these By-Laws in whole or in part, except with respect to any provision hereof which by law, the Articles of Organization or these By-Laws requires action by the stockholders; provided that not later than the time of giving notice of the meeting of stockholders next following the alteration, amendment or repeal of these By-Laws, in whole or in part, notice thereof, stating the substance of such action shall be given to all stockholders entitled to vote on amending these By-Laws. By-Laws adopted by the Directors may be amended by the stockholders.

### DIFFERENCES BETWEEN THE EDGAR AND PRINTED VERSIONS

The following text under "Articles of Amendment" has been surrounded by [ ] in the EDGAR version to represent the "crossed out" text in the printed version.

two thirds of each class outstanding and  
entitled to vote thereon and of  
each class or series of stock whose rights  
are adversely affected thereby.

## NFSC OFFICERS AND DIRECTORS

Jeffrey R. Larsen has served as Chief Legal Officer for National Financial Services Corporation since 1990.

Robert P. Mazarella has served as a Director of NFSC since 1991. He is the President of National Financial Correspondent Services.

James H. Messenger has served as President, Chief Executive Officer, Chief Operations Officer, and Director of National Financial Services Corporation since 1990.

Sherif A. Nada is a Director of NFSC. He is the President of Fidelity Capital Markets. Prior to joining FCM in 1991, he was with Salomon Brothers.

Mercedes E. Neff has served as Senior Vice President and Treasurer of National Financial Services Corporation since 1992. Prior to joining NFSC, she was an Assistant Treasurer at Shearson Lehman Brothers.

Roger T. Servison has been a Director of NFSC since 1994. Since 1991 he has been an Officer with Fidelity Brokerage Services, Inc., and Fidelity Distributors Corp., and the President of Strategic Advisors, Inc. From August 1990 to June 1991 he was the President of Monarch Securities, Inc. Prior to 1991, he was a Senior Vice President for FMR Corp.

Shaughn S. Stanley has been the Chief Financial Officer for NFSC since 1993. Prior to joining NFSC, he was a Vice President with Rauscher Pierce Refsnes, Inc.

Gordon R. Watson has served as a Director of NFSC since 1990.

Fred Knapp has been a Director of NFSC since 1991.

Standard Terms and Conditions of Trust  
For  
Fidelity Defined Trusts Series 1  
and certain subsequent Series

EFFECTIVE: AUGUST \_\_, 1995

BETWEEN

National Financial Services Corporation  
Depositor, Evaluator and Portfolio Supervisor  
The Chase Manhattan Bank (National Association)  
Trustee

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## STANDARD TERMS AND CONDITIONS OF TRUST

FOR

FIDELITY DEFINED TRUSTS SERIES 1

and certain subsequent Series

Effective: August \_\_, 1995

These Standard Terms and Conditions of Trust effective August \_\_, 1995 are executed between National Financial Services Corporation, as Depositor, Evaluator and Portfolio Supervisor and The Chase Manhattan Bank (National Association), as Trustee.

WITNESSETH THAT:

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

Supervisor agree as follows:

INTRODUCTION

These Standard Terms and Conditions of Trust, effective August \_\_, 1995, shall be applicable to Fidelity Defined Trusts Series 1 and certain subsequent Series established after the date of effectiveness hereof, as provided in this paragraph. For Fidelity Defined Trusts Series 1 and certain subsequent Series established after the date of effectiveness hereof to which these Standard Terms and Conditions of Trust, effective August \_\_, 1995, are to be applicable, the Depositor, the Trustee, the Evaluator and the Portfolio Supervisor shall execute a Trust Agreement, incorporating by reference these Standard Terms and Conditions of Trust, effective August \_\_, 1995, and designating any exclusion from or exception to such incorporation by reference for the purposes of that Series or variation of the terms hereof for the purposes of that Series and specifying for that Series and for each Trust in such Series (i) the Securities deposited in trust, (ii) the fractional undivided interest represented by each Unit, (iii) the number of Units of the Trust, (iv) the First General Record Date and the amount of the second distribution from the Interest Account and (v) the First Settlement Date.

Whereas, the form of the Certificates shall be substantially as follows and shall indicate the Series number and the name of the Trust, as set forth in the Trust Agreement:

Certificate of Ownership  
Evidencing an Undivided  
Interest In  
FIDELITY DEFINED TRUSTS

See Reverse For  
Certain Definitions

This is to certify that  
is the owner and registered  
holder of this Certificate evidencing  
the ownership of  
of fractional undivided interest in the above-named Trust created pursuant to the Indenture, a copy of which is available at the office of the Trustee. This Certificate is issued under and is subject to the terms, provisions and conditions of the Indenture to which the holder of this Certificate by virtue of the acceptance hereof assents and is bound. This Certificate is transferable and interchangeable by the registered owner in person or by his duly authorized attorney at the Trustee's office upon surrender of this Certificate properly endorsed or accompanied by a written instrument of transfer and any other documents that the Trustee may require for transfer, in form satisfactory to the Trustee, and payment of the fees and expenses provided in the Indenture.

Witness the facsimile signature of the Depositor and the manual signature of an authorized signatory of the Trustee.

Dated:  
National Financial Services  
Corporation, Depositor

The Chase Manhattan Bank (National  
Association, Trustee



By: \_\_\_\_\_ By:  
Authorized Signatory  
CONTROL NO.

FORM OF ASSIGNMENT

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -as tenants in common UNIF GIFT MIN ACT - \_\_\_ Custodian \_  
TEN ENT -as tenants by the  
entireties (Cust) (Minor)

JT TEN -as joint tenants with  
right Under Uniform Gifts to Minors Act  
of survivorship and not  
as tenants in common \_\_\_\_\_  
State

Additional abbreviations may also be used though not in the above list.  
For Value Received, \_\_\_\_\_ hereby sell, assign  
and transfer \_\_\_\_\_ Units represented by this Certificate unto

\_\_\_\_\_  
Social Security or Other Identifying Number of  
Assignee must be provided

\_\_\_\_\_ and does hereby irrevocably constitute and appoint

\_\_\_\_\_, attorney, to  
transfer said Units on the books of the Trustee, with full power and  
substitution in the premises.

Dated:

\_\_\_\_\_  
Notice: The signature to this assignment  
must correspond with the name as written  
upon the face of the Certificate in every  
particular, without alteration or  
enlargement or any change whatever.

Signature(s) Guaranteed by

\_\_\_\_\_  
Firm or Bank

\_\_\_\_\_  
Authorized Signature

Signatures must be guaranteed by a participant in the Securities  
Transfer Agents Medallion Program ("STAMP") or such other  
guarantee program in addition to, or in substitution for,  
STAMP, as may be accepted by the Trustee.

Now, Therefore, in consideration of the premises and of the mutual  
agreements herein contained, the Depositor, the Trustee, the Evaluator and  
the Portfolio Supervisor agree as follows:

ARTICLE I

## DEFINITIONS

SECTION 1.01. Whenever used in this Indenture the following words and phrases, unless the context clearly indicates otherwise, shall have the following meanings:

(1) "DEPOSITOR" shall mean National Financial Services Corporation and its successors in interest, or any successor depositor appointed as hereinafter provided.

(2) "TRUSTEE" shall mean, The Chase Manhattan Bank, N.A., or any successor trustee appointed as hereinafter provided.

(3) "EVALUATOR" shall mean National Financial Services Corporation and its successors in interest, or any successor evaluator appointed as hereinafter provided.

(4) "PORTFOLIO SUPERVISOR" shall mean National Financial Services Corporation and its successors in interest, or any successor Portfolio Supervisor appointed as hereinafter provided.

(5) "SECURITIES" shall mean such of the interest-bearing corporate debt obligations (the "CORPORATE BONDS"); taxable, mortgage-backed securities of the modified pass-through type guaranteed by the Government National Mortgage Association and backed by the full faith and credit of the United States (the "GINNIE MAES" or "GINNIE MAE SECURITIES"); and/or U.S. Treasury bonds which may include zero-coupon Treasury obligations, I.E., Treasury obligations which accrue but do not pay interest currently, are sold at a discount from principal value and represent an obligation to receive the principal value thereof at a future date (the "TREASURY OBLIGATIONS"); including delivery statements relating to "when, as and if issued" and/or "regular-way" contracts, if any, for the purchase of certain securities and certified or bank check(s) or letter(s) of credit sufficient in amount or availability required for such purchase, deposited in irrevocable trust and listed in Schedule A of the Trust Agreement, and any obligations received in exchange, substitution or replacement for such obligations pursuant to Sections 3.08 and 3.14 hereof, as may from time to time continue to be held as a part of the Trust Fund. Only zero-coupon Treasury Obligations which, if certificated, are or may be registered and held by the Trustee in book entry form on the registration books of a bank or clearing house which it is authorized to use as custodian of assets of a unit investment trust pursuant to the Investment Company Act of 1940 shall be eligible for deposit in any Trust.

(6) "CERTIFICATE" shall mean any one of the certificates executed by the Trustee and the Depositor evidencing ownership of an undivided fractional interest in a Trust.

(7) "DATE OF DEPOSIT" shall mean the date upon which the Trust is created.

(8) "CONTRACT SECURITIES" shall mean Securities which are to be acquired by the Fund pursuant to contracts, including (i) Securities listed in Schedule A to the Trust Agreement and (ii) Securities which the Depositor has contracted to purchase for the Fund pursuant to Section 3.14 hereof.

(9) "TRUST FUND" or "FUND" shall mean the collective Trusts created by the Trust Agreement, which shall consist of the Securities held pursuant and subject to the Indenture, together with all undistributed interest received or accrued thereon, any undistributed cash realized from the sale, redemption, liquidation or maturity thereof or the proceeds of insurance, if any, received in respect thereof. Such amounts as may be on deposit in

the Reserve Account hereinafter established shall be excluded from the Trust Fund.

(10) "TRUST" or "TRUSTS" shall mean the separate trust or trusts created by the Trust Agreement, the Securities constituting the portfolio of which are listed in Schedule A attached hereto. "INSURED TRUST" shall mean a Trust in a Fund which has obtained Insurance, as such term is defined in Section 1.01(11).

(11) "TRUST AGREEMENT" shall mean the Trust Agreement for the particular series of the Fund into which the Indenture is incorporated.

(12) "INSURANCE" shall mean the contract or policy of insurance obtained by certain Trusts of the Fund guaranteeing the payment when due of the principal of and interest on the Corporate Bonds held pursuant and subject to this Indenture, together with the proceeds, if any, thereof payable to or received by the Trustee for the benefit of such Trusts and the Unitholders thereof except that Insurance shall not include the individual policies of insurance on the Corporate Bonds in certain trusts which policies have been obtained by the issuers of such Corporate Bonds or by the underwriters, the Depositor or others prior to the date of the Trust Agreement (the "PRE-INSURED BONDS").

(13) "INSURER" shall mean any provider of insurance obtained by a Trust and issuing the contract or policy of Insurance obtained by certain Trusts of the Fund protecting such Trusts and the Unitholders thereof against nonpayment when due of the principal of and interest on any Corporate Bond held by the Trustee as part of the Fund.

(14) "UNIT" in respect of any Trust shall mean the fractional undivided interest in and ownership of the Trust equal initially to the fraction specified in "Essential Information" in the Prospectus, the numerator of which is one and the denominator of which shall be (1) increased by the number of any additional Units issued pursuant to Section 2.03 hereof and (2) decreased by the number of any such Units redeemed as provided in Section 5.02.

(15) "INDENTURE" shall mean these Standard Terms and Conditions of Trust as originally executed or, if amended as hereinafter provided, as so amended, together with the Trust Agreement creating a particular series of the Fund.

(16) "PROSPECTUS" shall mean the prospectus relating to the Trust Fund filed with the Securities and Exchange Commission pursuant to Rule 497(b) under the Securities Act of 1933, as amended, and dated the date of the Trust Agreement.

(17) "BUSINESS DAY" shall mean any day other than a Saturday, Sunday or, in the City of New York, a legal holiday or a day on which banking institutions are authorized by law or executive order to close.

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

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

(20) "UNITHOLDER" shall mean the registered holder of any Units of a Trust as recorded on the books of the Trustee, and represented in either

certificated or uncertificated form, his or her legal representatives and heirs and the successors of any corporation, partnership or other legal entity which is a registered holder of any Units and as such shall be deemed a beneficiary of a trust created by this Trust Agreement to the extent of his PRO RATA share thereof.

## ARTICLE II

DEPOSIT OF SECURITIES; ACCEPTANCE OF TRUST;  
FORM AND ISSUANCE OF CERTIFICATES;  
PORTFOLIO INSURANCE FOR THE INSURED TRUSTS; UNCERTIFICATED FORM; SEPARATE TRUSTS

SECTION 2.01. DEPOSIT OF SECURITIES. (a) The Depositor, on the date of the Trust Agreement, has deposited with the Trustee in trust the Securities listed in Schedule A to the Trust Agreement in bearer form or duly endorsed in blank or accompanied by all necessary instruments of assignment and transfer in proper form to be held, managed and applied by the Trustee as herein provided. The Depositor agrees to pay the total purchase price of all the Securities and shall deliver the Securities listed on said Schedule A to the Trustee which were represented by delivery statements at the time of the execution and delivery of the Trust Agreement within 90 days after said execution and delivery, or if the contract to buy such Securities between the Depositor and seller is terminated by the seller thereof for any reason beyond the control of the Depositor, the Depositor shall forthwith take the remedial action specified in Section 3.14.

(b) From time to time following the Initial Date of Deposit, the Depositor is hereby authorized, in its discretion, to assign, convey to and deposit with the Trustee additional Securities, in bearer form or duly endorsed in blank or accompanied by all necessary instruments of assignment and transfer in proper form (or Contract Obligations relating to such Securities), to be held, managed and applied by the Trustee as herein provided. In lieu of additional Securities or Contract Obligations representing additional Securities, the Depositor may deposit with the Trustee cash (or a letter of credit) in an amount equal to the valuation made in accordance with Section 4.01 for the date of such deposit of the additional Securities not delivered or represented by Contract Obligations together with instructions to purchase such additional Securities. Each deposit of additional Securities shall be made pursuant to a Notice of Deposit of Additional Securities from the Depositor to the Trustee. The Depositor, in each case, shall ensure that each deposit of additional Securities pursuant to this Section shall be, as nearly as is practicable, in the identical ratio as the Percentage Ratio for such Securities as is specified in the Prospectus for the Trust and the Depositor shall ensure that such Securities are identical to those deposited on the Initial Date of Deposit. The Depositor shall obtain an opinion of counsel satisfactory to the Depositor as to the validity of each deposit of additional Securities. The Depositor shall deliver the additional Securities which were not delivered concurrently with the deposit of additional Securities and which were represented by Contract Obligations within 10 calendar days after such deposit of additional Securities (the "ADDITIONAL SECURITIES DELIVERY PERIOD"). If a contract to buy such Securities between the Depositor and seller is terminated by the seller thereof for any reason

beyond the control of the Depositor or if for any other reason the Securities are not delivered to the Trust by the end of the Additional Securities Delivery Period for such deposit, the Trustee shall immediately draw on the Letter of Credit, if any, in its entirety, apply the monies in accordance with Section 2.01(d), and the Depositor shall forthwith take the remedial action specified in Section 3.14. If the Depositor does not take the action specified in Section 3.14 within 10 calendar days of the end of the Additional Securities Delivery Period, the Trustee shall forthwith take the action specified in Section 3.14. If the Depositor determines that Securities for whose purchase cash was deposited with the Trustee cannot be acquired, the Depositor may proceed pursuant to Section 3.14 in the same manner as if such Securities were Special Securities. Instructions to purchase additional Securities shall be in writing and shall specify the name, CUSIP number, if any, aggregate amount of the Security to be purchased and price. The Trustee shall have no responsibility or liability for any loss or depreciation resulting from any purchase made pursuant to the Depositor's instructions and in the absence thereof shall have no duty to purchase any Securities. The Trustee shall have no responsibility for maintaining the composition of the Trust portfolio. Cash delivered to the Trustee for purchase of additional Securities pursuant to instructions of the Depositor shall be on deposit with the Trustee and shall bear interest for the benefit of the Trust at the Federal funds rate adjusted daily as reported in the New York Times under the caption "Key Rates" less the cost to the Trustee of protecting such cash in accordance with 12 C.F.R. Section 9.10 (or successor regulations), if the Trustee is then required to so protect such cash.

(c) In connection with the deposits described in Section 2.01 (a) and (b), the Depositor has, in the case of Section 2.01(a) deposits, and, prior to the Trustee accepting a Section 2.01(b) deposit, will, deposit cash and/or Letter(s) of Credit in an amount sufficient to purchase the Contract Obligations (the "PURCHASE AMOUNT") relating to Securities which are not actually delivered to the Trustee at the time of such deposit, the terms of which unconditionally allow the Trustee to draw on the full amount of the available Letter of Credit. The Trustee may deposit such cash or cash drawn on the Letter of Credit in a non-interest bearing account for the Trust.

(d) In the event that the purchase of Contract Obligations pursuant to any contract shall not be consummated in accordance with said contract or if the Securities represented by a Contract Obligation are not delivered to the Trust in accordance with Section 2.01(a) or 2.01(b) and the monies, or, if applicable, the monies drawn on the Letter of Credit, deposited by the Depositor are not utilized for Section 3.14 purchases of New Securities, such funds, to the extent of the purchase price of Failed Contract Obligations for which no Replacement Security was acquired pursuant to Section 3.14, plus all amounts described in the next succeeding two sentences, shall be credited to the Principal Account and distributed pursuant to Section 3.05 to Unitholders of record as of the Record Date next following the failure of consummation of such purchase. The Depositor shall cause to be refunded to each Unitholder his PRO RATA portion of the sales charge levied on the sale of Units to such Unitholder attributable to such Failed Contract Obligation. The Depositor shall also pay to the

Trustee, for distribution to the Unitholders, an amount equal to the accrued interest (at the coupon rate of the Failed Securities) to the date the Depositor notifies the Trustee that no Replacement Security will be purchased or, in the absence of such notification, to the expiration date for purchase of a Replacement Security specified in Section 3.14. Any amounts remaining from monies drawn on the Letter of Credit which are not used to purchase New Securities or are not used to provide refunds to Unitholders shall be paid to the Depositor.

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

(f) In connection with and at the time of any deposit of additional Securities pursuant to Section 2.01(b), the Depositor shall exactly replicate Cash (as defined below) received or receivable by the Trust as of the date of such deposit. For purposes of this paragraph, "Cash" means, as to the Principal Account, cash or other property (other than Securities) on hand in the Principal Account or receivable and to be credited to the Principal Account as of the date of the deposit (other than amounts to be distributed solely to persons other than holders of Units created by the deposit) and, as to the Income Account, cash or other property (other than Securities) received by the Trust as of the date of the deposit or receivable by the Trust in respect of distributions declared but not received as of the date of the deposit, reduced by the amount of any cash or other property received or receivable on any Security allocable (in accordance with the Trustee's calculation of the monthly distribution from the Income Account pursuant to Section 3.05) to a distribution made or to be made in respect of a Record Date occurring prior to the deposit. Such replication will be made on the basis of a fraction, the numerator of which is the number of Units created by the deposit and the denominator of which is the number of Units which are outstanding immediately prior to the deposit.

SECTION 2.02. ACCEPTANCE OF TRUST. The Trustee hereby declares it holds and will hold each Trust as Trustee in trust upon the trusts herein created for the use and benefit of the Unitholders, subject to the terms and conditions of this Indenture.

SECTION 2.03. ISSUE OF CERTIFICATES. The Trustee hereby acknowledges receipt of the deposit referred to in Section 2.01 and simultaneously with the receipt of said deposit has executed and delivered to or on the order of the Depositor, Certificates substantially in the form above recited or has recorded on the books of each Trust for the account of the Depositor the ownership of Units representing the ownership of the number of Units of each Trust Fund specified in Part II of the Trust Agreement. The Trustee hereby agrees that on the date of any Notice of Deposit of Additional Securities pursuant to Section 2.01 of the Indenture, it shall acknowledge that the additional Securities identified therein have been deposited with it by recording on its books the ownership, by the Depositor or such other person or persons as may be indicated by the Depositor, of the aggregate number of Units to be issued in respect of such additional Securities so deposited, and shall, if so requested, execute documentation substantially in the form above recited representing the ownership of an aggregate number of those Units.

SECTION 2.04. FORM OF CERTIFICATES. Each Certificate referred to in Section 2.03 is, and each Certificate hereafter issued shall be, in substantially the form hereinabove recited, numbered serially for identification, in fully registered form, transferable only on the books of the Trustee as herein provided, executed either manually or in facsimile by an authorized signatory of the Trustee and in facsimile by the President or one of the Vice Presidents of the Depositor and dated the date of execution and delivery by the Trustee.

SECTION 2.05. UNCERTIFICATED FORM. Units may also be held in uncertificated form. Upon the issuance of Units in uncertificated form, the Trustee shall provide to the registered owner within two business days after the issuance, an initial transaction statement which sets forth a description of the Fund, the number of Units issued, the name, address and taxpayer identification number, if any, of the Unitholders and the date the issuance was registered or setting forth those items as are required by Article 8 of the Uniform Commercial Code currently in effect in the State of New York. Unitholders evidenced by Certificates may at any time elect to have their Units held in uncertificated form by surrendering their Certificates to the Trustee for cancellation. At such time, an appropriate notation will be made in the registration books of the Trust to indicate that the Units formerly evidenced by such cancelled Certificates are Units held in uncertificated form. The Trustee shall, at the request of the holder of any Units held in uncertificated form, issue a new Certificate to evidence such Units and at such time make appropriate notation in the registration books of the Trust. If the Prospectus so provides, Units will be held (i) solely in uncertificated form or (ii) held in uncertificated form unless the Unitholder submits a written request to the Trustee for the issuance of a Certificate.

SECTION 2.06. PORTFOLIO INSURANCE FOR THE INSURED TRUSTS. Concurrently with the delivery to the Trustee of the Securities in each Insured Trust listed in Schedule A to the Trust Agreement, the Insurer has delivered to and deposited with the Trustee a unit investment trust insurance portfolio policy to protect each Insured Trust and the Unitholders thereof against nonpayment of principal and interest when due on any Corporate Bond or Corporate Bonds (except for Pre-Insured Corporate Bonds) while held by the Trustee in the portfolio of such Trust.

The Trustee shall take all action deemed necessary or advisable in connection with the Insurance to continue such Insurance in full force and effect and shall pay all premiums due thereon, including the initial premium, all in such manner as in its sole discretion shall appear to result in the most protection and least expense to such Trust. Under the terms of the policy, the Insurance may not be cancelled by the Insurer. The Trustee shall make the deduction and payment of premiums at the time and in the manner prescribed in Section 3.05 of this Indenture in order to continue in force the coverage thus provided. The Insurer's right to the payment of premiums from Trust funds held by the Trustee in accordance with the terms of the policy is absolute (except when payment is withheld in good faith by the Trustee in the event of dispute over the amount thereof), but no failure on the part of the Trustee to make such payment of principal or installment thereof to the Insurer shall result in a cancellation of the Insurance or otherwise affect the right of any

Unitholder under the policy to have any amounts of principal and interest paid by the Insurer to the Trustee to be held as part of an Insured Trust when the same are not paid when due by the issuer of a Corporate Bond or Corporate Bonds held by the Trustee as part of such Insured Trust. With each payment of premium or installment thereof, the Trustee shall notify the Insurer of all Corporate Bonds (except for Pre-Insured Bonds) which during the expiring premium period were redeemed from or sold by each Insured Trust.

At all times during the existence of an Insured Trust, the insurance policy shall provide for payment by the Insurer to the Trustee of any amounts of principal and interest due, but not paid, by the issuer of a Corporate Bond (except for Pre-Insured Corporate Bonds which are not covered by Insurance). The Trustee shall promptly notify the Insurer of any nonpayment or of any written notice directed to and received by the Trustee of threatened nonpayment of principal or interest and the Insurer shall within 30 days after receipt of such notice make payment to the Trustee of all amounts of principal and interest at that time due, but not paid. Payments of principal and interest assumed by the Insurer under the policy shall be made as required by the related Corporate Bond or Corporate Bonds, except in the event of a sale of any such Corporate Bond or Corporate Bonds by the Trustee under Section 3.07, 5.02 or 6.04, or a termination of this Indenture and the respective Insured Trust created hereby under Section 8.02, prior to the final maturity of such Corporate Bond or Corporate Bonds, in each of which events, upon notice from the Trustee, the Insurer shall promptly make payment of the accrued interest on such Corporate Bond or Corporate Bonds to the Trustee and shall be relieved of further obligation to the Trustee thereon.

Upon the making of any payment referred to in the preceding paragraphs, the Insurer shall succeed to the rights of the Trustee under the Corporate Bond or Corporate Bonds involved to the extent of the payments made at that time, or any time subsequent thereto, and shall continue to make all payments required by the terms of such Corporate Bond or Corporate Bonds to the extent that funds are not provided therefor by the issuer thereof.

Upon the payment of any amounts by the Insurer, occasioned by the nonpayment thereof by the issuer, the Trustee shall execute and deliver to the Insurer any receipt, instrument or document required to evidence the right of the Insurer in the Corporate Bond or Corporate Bonds involved to payment of principal and/or interest thereon to the extent of the payments made by the Insurer to the Trustee.

With respect to Pre-Insured Corporate Bonds in the respective Trusts of the Fund, the Trustee shall promptly notify the respective insurance company of any nonpayment of principal or interest on such Pre-Insured Corporate Bonds and if the respective insurance company should fail to make payment to the Trustee within 30 days after receipt of such notice, the Trustee shall take all action against the respective insurance company and/or issuer as instructed by the Depositor to collect all amounts of principal and interest at that time due, but not collected.

The Trustee shall also take such action required under Section 5.02 hereof with respect to the acquisition of Permanent Insurance, as defined in such Section 5.02, in connection with the sale of Corporate Bonds from an Insured Trust.



SECTION 2.07. SEPARATE TRUSTS. The Trusts created by this Indenture are separate and distinct trusts for all purposes and the assets of one Trust may not be commingled with the assets of any other nor shall the expenses of any Trust be charged against the other. The Certificates representing the ownership of an undivided fractional interest in one Trust shall not be exchangeable for certificates representing the ownership of an undivided fractional interest in any other.

### ARTICLE III

#### ADMINISTRATION OF FUND

SECTION 3.01. INITIAL COST. The expenses incurred in establishing a Trust, including the cost of the initial preparation and typesetting of the registration statement, prospectuses (including preliminary prospectuses), the indenture, and other documents relating to a Trust, printing of Certificates, Securities and Exchange Commission and state blue sky registration fees, the costs of the initial valuation of the portfolio and audit of a Trust, the initial fees and expenses of the Trustee, and legal and other out-of-pocket expenses related thereto, but not including the expenses incurred in the printing of preliminary prospectuses and prospectuses, expenses incurred in the preparation and printing of brochures and other advertising materials and any other selling expenses shall be borne by the Trust. To the extent the funds in the Interest and Principal Accounts of the Trust shall be insufficient to pay the expenses borne by the Trust specified in this Section 3.01, the Trustee shall advance out of its own funds and cause to be deposited and credited to the Interest Account such amount as may be required to permit payment of such expenses. The Trustee shall be reimbursed for such advance on each Record Date from funds on hand in the Income Account or, to the extent funds are not available in such Account, from the Principal Account, in the amount deemed to have accrued as of such Record Date as provided in the following sentence (less prior payments on account of such advances, if any), and the provisions of Section 6.04 with respect to the reimbursement of disbursements for Trust expenses, including, without limitation, the lien in favor of the Trustee therefor, shall apply to the payment of expenses made pursuant to this Section. For purposes of the preceding sentence and the addition provided in clause (d) of the first sentence of Section 5.01, the expenses borne by the Trust pursuant to this Section shall be deemed to have been paid upon the date of the Trust Agreement and to accrue at a daily rate over the time period specified for their amortization provided in the Prospectus; provided, however, that nothing herein shall be deemed to prevent, and the Trustee shall be entitled to full reimbursement for, any advances made pursuant to this Section no later than the termination of the Trust. For purposes of calculating the accrual of organizational expenses under this Section 3.01, the Trustee shall rely on the written estimates of such expenses provided by the Depositor pursuant to Section 5.01.

SECTION 3.02. INTEREST ACCOUNT. The Trustee shall collect the interest on the Securities in each Trust as such becomes payable (including all interest accrued but unpaid prior to the date of deposit of the Securities in trust and including that part of the proceeds of the sale, liquidation, redemption or maturity of any Securities or insurance thereon, if any, which represents accrued interest thereon, monies representing penalties

for failure to make timely payments on Securities or liquidated damages for default or breach of any condition or term of the Securities) and credit such interest to a separate account for each Trust to be known as the "INTEREST ACCOUNT".

SECTION 3.03. PRINCIPAL ACCOUNT. (a) The Securities in each Trust and all moneys (except moneys held by the Trustee pursuant to subsection (b) hereof) other than amounts credited to the Interest Account, received by the Trustee in respect of the Securities in each Trust, including insurance thereon, if any, shall be credited to a separate account for each Trust to be known as the "PRINCIPAL ACCOUNT".

(b) Moneys and/or irrevocable letters of credit required to purchase Contract Securities or to purchase Securities pursuant to the Depositor's written instructions, or deposited to secure such purchases, are hereby declared to be held specially by the Trustee for such purchases and shall not be deemed to be part of the Principal Account until (i) the Depositor fails to timely purchase a Contract Security and has not given the Failed Contract Notice (as defined in Section 3.14) at which time the moneys and/or letters of credit attributable to the Contract Security not purchased by the Depositor shall be credited to the Principal Account; or (ii) the Depositor has given the Trustee the Failed Contract Notice at which time the moneys and/or letters of credit attributable to failed contracts referred to in such Notice shall be credited to the Principal Account; PROVIDED, HOWEVER, that if the Depositor also notifies the Trustee in the Failed Contract Notice that it has purchased or entered into a contract to purchase a New Security (as defined in Section 3.14), the Trustee shall not credit such moneys and/or letters of credit to the Principal Account unless the New Security shall also have failed or is not delivered by the Depositor within two business days after the settlement date of such New Security, in which event the Trustee shall forthwith credit such moneys and/or letters of credit to the Principal Account. The Trustee shall in any case forthwith credit to the Principal Account, to the extent of moneys, or moneys then available under any letter of credit, deposited by the Depositor, and/or cause the Depositor to deposit in the Principal Account, the difference, if any, between the purchase price of the failed Contract Security and the purchase price of the New Security, together with any sales charge and accrued interest applicable to such difference (or applicable to the failed Contract Security if no New Security is deposited) and distribute such moneys to Unitholders pursuant to Section 3.05.

(c) Moneys in the Principal Account available for reinvestment pursuant to Section 3.14 are deemed to be held specifically by the Trustee for distribution by the Trustee in accordance with this Indenture following notification that such moneys shall not be reinvested. The Trustee shall give prompt written notice to the Depositor and the Evaluator of all amounts credited to or withdrawn from the Principal Account and the balance in such Account after giving effect to such credit or withdrawal.

SECTION 3.04. RESERVE ACCOUNT. From time to time, the Trustee shall withdraw from the cash on deposit in the Interest Account or the Principal Account of the appropriate Trust such amounts as it, in its sole discretion, shall deem requisite to establish a reserve for any applicable

taxes or other governmental charges that may be payable out of the Trust. Such amounts so withdrawn shall be credited to a separate account for each Trust which shall be known as the "RESERVE ACCOUNT". The Trustee shall not be required to distribute to the Unitholders any of the amounts in the Reserve Account; PROVIDED, HOWEVER, that if it shall, in its sole discretion, determine that such amounts are no longer necessary for the payment of any applicable taxes or other governmental charges, then it shall promptly deposit such amounts in the account from which withdrawn, or if the Trust Fund shall have terminated or shall be in the process of termination, the Trustee shall distribute same in accordance with Section 8.02(d) and (e) to each Unitholder such holder's interest in the Reserve Account.

SECTION 3.05. DISTRIBUTION. Unless otherwise provided in the Prospectus, the Trustee, as of the "FIRST SETTLEMENT DATE", as defined in Part II of the Trust Agreement, shall advance from its own funds and shall pay to the Unitholders of the respective Trusts then of record the amount of interest received or accrued to such date on the Securities deposited in the respective Trusts, net of a proportionate amount of Trust expenses attributable to the period between the date of the Trust Agreement and the First Settlement Date. The Trustee shall be entitled to reimbursement, without interest, for such advancements from interest received by the respective Trusts before any further distributions shall be made from the Interest Account to Unitholders of the respective Trusts. Subsequent distributions shall be made as hereinafter provided.

Unless otherwise provided in the Prospectus, the second distribution of funds from the Interest Accounts of the respective Trusts shall be in the amount specified in Part II of the Trust Agreement and shall be made on the twentieth day of the month after the "FIRST GENERAL RECORD DATE", as defined in Part II of the Trust Agreement, to all Unitholders of record of the respective Trusts as of the First General Record Date.

As of the tenth day of each month of each year commencing with the first such day after the date of the Trust Agreement, the Trustee shall with respect to each Trust:

(a) deduct from the Interest Account or, to the extent funds are not available in such Account, from the Principal Account and pay to itself individually the amounts that it is at the time entitled to receive pursuant to Section 6.04;

(b) deduct from the Interest Account or, to the extent funds are not available in such Account, from the Principal Account and pay to the Evaluator the amount that it is at the time entitled to receive pursuant to Section 4.03;

(c) deduct from the Interest Account or, to the extent funds are not available in such Account, from the Principal Account and pay to counsel, as hereinafter provided for, an amount equal to unpaid fees and expenses, if any, of such counsel pursuant to Section 3.09, as certified to by the Depositor; and

(d) deduct from the Interest Account or to the extent funds are not available in such Account, from the Principal Account and pay to the Portfolio Supervisor the amount that it is entitled to receive pursuant to Section 3.15.

As of the tenth day of each month of each year commencing with the first

such day after the date of the Trust Agreement, the Trustee with respect to each Insured Trust shall deduct from the Interest Account or, to the extent funds are not available in such Account, from the Principal Account and pay to the Insurer the amount of any premium to which it is at the time entitled to receive pursuant to Section 2.06.

The share of the balance in the Interest Account to be distributed to a Unitholder shall be computed as of the tenth day of each month, commencing with the first such day after the date of the Trust Agreement (the "MONTHLY RECORD DATE"). The Trustee shall distribute by mail to each Unitholder of record as of the close of business on such Monthly Record Date at the post office address appearing on the registration books of the Trustee such Unitholder's PRO RATA share of the balance of the Interest Account as computed herein on or shortly after the twentieth day of the month of computation to the Unitholder of record on such date of computation (the "MONTHLY DISTRIBUTION DATE").

The computation of the pro rata share of the Interest Account shall be made as follows:

(i) with respect to Trusts holding Securities other than Ginnie Maes, such amount shall be equal to the estimated amount of interest accrued on the Securities from and including the immediately preceding Monthly Record Date through but not including the Monthly Record Date on which such calculation is made, less (i) the estimated costs and expenses attributable to such period (ii) interest attributable to such period paid or payable in connection with redemption of Units and (iii) amounts previously advanced by the Trustee pursuant to this Section 3.05 which are now deemed to be uncollectible, divided by the number of Units outstanding on such Monthly Record Date.

In the event the amount on deposit in the Interest Account on a Monthly Distribution Date is not sufficient for the payment of the amount of interest to be distributed on the basis of the aforesaid computation, the Trustee shall advance out of its own funds and cause to be deposited in and credited to the Interest Account such amount as may be required to permit payment of the monthly interest distribution to be made on such monthly distribution date and shall be entitled to be reimbursed, without interest, out of interest received by the Fund on the first computation day following the date of such advance on which such reimbursement may be made without reducing the amount in the Interest Account to an amount less than that required for the next ensuing monthly interest distribution except where advances were made by the Trustee on Securities which have defaulted or on which any payment has been recovered from the Trustee by a trustee in bankruptcy and the interest on which cannot currently be collected is then uncollectible (either from the issuer of the Securities or the Insurer), in which case the Trustee may reimburse itself for such advances and reduce, if necessary, the amount of the interest distribution.

(ii) With respect to Trusts holding Ginnie Maes, such amount shall be the Unitholder's share of the balance of the Income Account on the Monthly Record Date; provided, however, that the Trustee shall include in such balance interest receivable by the Trust on the Securities prior to the next following Monthly Distribution Date. The amount of the distribution shall be appropriately adjusted in the event the amount received varies from the amount anticipated to be receivable.

Distributions of amounts represented by the cash balance in the Principal Account for each Trust shall be computed as of each Monthly Record Date commencing with the first such day after the date of the Trust Agreement. With respect to a Trust holding Ginnie Maes, the Trustee shall include in the cash balance of the Principal Account principal receivable by the Trust on the Securities prior to the next following Monthly Distribution Date, provided, however, that the amount of the distribution shall be appropriately adjusted in the event the amount received varies from the amount anticipated to be receivable. With respect to any Trust to which paragraph (c) of Section 3.14 is applicable, the cash balance of the Principal Account shall not include amounts permitted to be reinvested in Reinvestment Securities pursuant to such paragraph until the Depositor otherwise notifies the Trustee in writing. On the next following Monthly Distribution Date, or within a reasonable period of time thereafter, the Trustee shall distribute by mail to each Unitholder of record at the close of business on the Monthly Record Date at his post office address such holder's PRO RATA share of the cash balance of the Principal Account as thus computed. The Trustee shall not be required to make a distribution from the Principal Account unless the cash balance on deposit therein available for distribution shall be sufficient to distribute at least that amount set forth in the related Prospectus.

If the Depositor (i) fails to replace any failed Special Security (as defined in Section 3.14), or (ii) is unable or fails to enter into any contract for the purchase of any New Security in accordance with Section 3.14, the Depositor shall pay to the Trustee and the Trustee shall distribute, to the extent of the monies credited to the Principal Account pursuant to Section 3.03(b) or supplied by the Depositor pursuant to this Section to all Unitholders of Units in the respective Trust the principal and accrued interest (at the coupon rate of the relevant Security to the date the Depositor is notified of the failure) and sales charge attributable to such Special Securities at the next monthly distribution date which is more than thirty days after the expiration of the Purchase Period (as defined in Section 3.14) or at such earlier time or in such manner as the Trustee in its sole discretion deems to be in the best interest of the Unitholders.

If any contract for a New Security in replacement of a Special Security shall fail, the Depositor shall pay to the Trustee and the Trustee shall distribute to the extent of the monies credited to the Principal Account pursuant to Section 3.03(b) or supplied by the Depositor pursuant to this Section, the principal and accrued interest (at the coupon rate of the relevant Special Security to the date the Depositor is notified of the failure) and sales charge attributable to the Special Security to the Unitholders of Units in the respective Trust at the next monthly distribution date which is more than thirty days after the date on which the contract in respect of such New Security failed or at such earlier time or in such earlier manner as the Trustee in its sole discretion determines to be in the best interest of the Unitholders.

If, at the end of the Purchase Period, less than all moneys attributable to a failed Special Security have been applied or allocated by the Trustee pursuant to a contract to purchase New Securities, the Trustee shall distribute the remaining moneys to Unitholders of Units in the respective

Trust at the next monthly distribution date which is more than thirty days after the end of the Purchase Period or at such earlier time thereafter as the Trustee in its sole discretion deems to be in the best interest of the Unitholders.

The amounts to be so distributed to each Unitholder of a Trust shall be that PRO RATA share of the balance of the Interest and Principal Accounts of such Trust, computed as set forth above, as shall be represented by the Units registered on the books of the Trustee in the name of such Unitholder.

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

For the purpose of distribution as herein provided, the holders of record on the registration books of the Trustee at the close of business on each Record Date shall be conclusively entitled to such distribution, and no liability shall attach to the Trustee by reason of payment to any such registered Unitholder of record. Nothing herein shall be construed to prevent the payment of amounts from the Interest Account and the Principal Account of a Trust to individual Unitholders by means of one check, draft or other proper instrument, PROVIDED that the appropriate statement of such distribution shall be furnished therewith as provided in Section 3.06 hereof.

SECTION 3.06. DISTRIBUTION STATEMENTS. With each distribution from the Interest or Principal Accounts of a Trust, the Trustee shall set forth, either in the instrument by means of which payment of such distribution is made or in an accompanying statement, the amount being distributed from each such account expressed as a dollar amount per Unit of such Trust. Within a reasonable period of time after the last business day of each calendar year, the Trustee shall furnish to each person who at any time during such calendar year was a Unitholder of a Trust a statement setting forth, with respect to such calendar year and with respect to such Trust:

(A) as to the Interest Account:

(1) the amount of interest received on the Securities (including amounts representing interest received upon any disposition of Securities, penalties for failure to make timely payments on Securities or liquidated damages for default on breach of any condition or term of the Securities),

(2) the amounts paid for purchases of New Securities pursuant to Section 3.14 and for redemptions pursuant to Section 5.02,

(3) the deductions for applicable taxes and fees and expenses of the Trustee, the Evaluator, the Portfolio Supervisor, and counsel, and

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

(B) as to the Principal Account:

(1) payments of principal on Securities, if any,

(2) the dates of the sale, maturity, liquidation or redemption of any of the Securities and the net proceeds received therefrom, excluding any portion thereof credited to the Interest Account,

(3) the amount paid for purchases of New Securities, Replacement

Securities or Reinvestment Securities pursuant to Section 3.14 and for redemptions pursuant to Section 5.02,

(4) the deductions for payment of applicable taxes and fees and expenses of the Trustee and counsel, and

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

(C) the following information:

(1) a list of the Securities as of the last Business Day of such calendar year,

(2) the number of Units outstanding on the last Business Day of such calendar year,

(3) the Unit Value based on the last Trust Fund evaluation made during such calendar year,

(4) the amounts actually distributed during such calendar year from the Interest and Principal Accounts, separately stated, expressed both as total dollar amounts and as dollar amounts per Unit outstanding on the Record Dates for such distributions, and

(5) such other information as the Trustee may deem appropriate.

The registered owner of Units held in uncertificated form shall be sent by the Trustee at periodic intervals no less frequent than once each year and at any time upon the reasonable written request of the registered owner a dated written statement containing the following information:

(1) a description of the Fund of which the uncertificated Unit is a part,

(2) the name, address and taxpayer identification number, if any, of the registered owner, and

(3) the number of Units registered in the name of the registered owner on the date of the statement.

SECTION 3.07. SALE OF SECURITIES. If necessary, in order to maintain the sound investment character of a Trust, the Depositor, which may rely on the recommendation of the Portfolio Supervisor, may direct the Trustee to sell or liquidate Securities in such Trust at such price and time and in such manner as shall be determined by the Depositor, PROVIDED that the Depositor or Portfolio Supervisor has determined that any one or more of the following conditions exist:

(a) that there has been a DEFAULT on such Securities in the payment of principal or interest, or both, when due and payable;

(b) that any action or proceeding has been instituted at law or equity seeking to RESTRAIN or ENJOIN the payment of principal or interest on any such Securities, or that there exists any other legal question or impediment affecting such Securities or the payment of debt service on the same;

(c) that there has occurred any breach of covenant or warranty in any resolution, ordinance, trust indenture or other document, which would adversely affect either immediately or contingently the payment of debt service on such Securities, or their general credit standing, or otherwise impair the sound investment character of such Securities;

(d) that there has been a default in the payment of principal of or interest on any other outstanding obligations of an issuer of such Securities;

(e) that the price of any such Securities has declined as a result of

credit factors, so that in the opinion of the Depositor, as evidenced in writing to the Trustee, the retention of such Securities would be detrimental to the Trust Fund and to the interest of the Unitholders;

(f) that, in the case of Trusts containing Treasury Obligations or Ginnie Mae Securities, there has been a default in payment of interest or principal of other obligations guaranteed or backed by the full faith and credit of the United States of America;

(g) that, in the case of Trusts containing Ginnie Mae Securities, an offer is made by the Government National Mortgage Association to refinance or refund any of the Securities;

(h) that such Securities are the subject of an advanced refunding (for the purposes of this Section 3.07(h), "an advanced refunding" shall mean when refunding Securities are issued and the proceeds thereof are deposited in an irrevocable trust to retire the Securities on or before their redemption date);

(i) that as of any Record Date any of the Securities are scheduled to be redeemed and paid prior to the next succeeding Monthly Distribution Date; PROVIDED, HOWEVER, that as the result of such redemption the Trustee will receive funds in an amount sufficient to enable the Trustee to include in the next distribution from the Principal Account at least the minimum principal distribution set forth in the Prospectus; or

(j) that the sale of Securities is necessary or advisable in order to maintain the qualification of the Trust as a "Regulated Investment Company" in the case of a Trust which has elected to qualify as such.

If the Trust is an Insured Trust, the Depositor shall also consider whether any insurance that may be applicable to the Corporate Bonds cannot be relied upon to provide the principal and interest protections intended to be afforded by such insurance.

In the event the Depositor has directed the Trustee to sell a Corporate Bond from an Insured Trust, the Trustee shall exercise its right (if applicable) to purchase a policy providing for permanent insurance (a "PERMANENT INSURANCE POLICY") if the Depositor determines that such purchase and payment of related premium will result in a net realization for the Insured Trust greater than would the sale of the Corporate Bond without the purchase of a Permanent Insurance Policy with respect to such Corporate Bond and shall pay an amount equal to the premium payable for such Permanent Insurance Policy to the Insurer at the time and in the manner required by such Permanent Insurance Policy. Such premium shall be payable only from the proceeds of the sale of such Corporate Bonds.

Upon receipt of such direction from the Depositor, upon which the Trustee shall rely, the Trustee shall proceed to sell or liquidate the specified Securities in accordance with such direction; PROVIDED, HOWEVER, that the Trustee shall not sell or liquidate any Securities upon receipt of a direction from the Depositor that it has determined that the conditions in subdivision (i) above exist, unless the Trustee shall receive on account of such sale or liquidation the full principal amount of such Securities, plus the premium, if any, and the interest accrued and to accrue thereon to the date of the redemption of such Securities.

The Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of any sale made pursuant to any such direction or by reason of the failure of the Depositor to give any such direction,



and in the absence of such direction the Trustee shall have no duty to sell or liquidate any Securities under this Section 3.07 except to the extent otherwise required by Section 3.10 of this Indenture.

SECTION 3.08. REFUNDING SECURITIES. In the event that an offer shall be made by an obligor of any of the Securities in a Trust to issue new obligations in exchange and substitution for any issue of Securities pursuant to a plan for the refunding or refinancing of such Securities, the Depositor shall instruct the Trustee in writing to reject such offer and either to hold or sell such Securities, except that if (i) the issuer is in default with respect to such Securities, or (ii) in the opinion of the Depositor, given in writing to the Trustee, the issuer will probably default with respect to such Securities in the reasonably foreseeable future, the Depositor shall instruct the Trustee in writing to accept or reject such offer or take any other action with respect thereto as the Depositor may deem proper. Nevertheless, if such an obligation is received by a Trust, it shall either be sold by the Trustee or held in such Trust pursuant to the direction of the Depositor (who may rely on the advice of the Portfolio Supervisor). Any obligation so received in exchange shall be deposited hereunder and shall be subject to the terms and conditions of this Indenture to the same extent as the Securities originally deposited hereunder. Within five days after such deposit, notice of such exchange and deposit shall be given by the Trustee to each Unitholder of such Trust, including an identification of the Securities eliminated and the securities substituted therefor.

SECTION 3.09. COUNSEL. The Depositor may employ from time to time as it may deem necessary a firm of attorneys for any legal services that may be required in connection with the disposition of underlying securities pursuant to Section 3.07 or the substitution of any securities for underlying securities as the result of any refunding permitted under Section 3.08. The fees and expenses of such counsel shall be paid by the Trustee from the Interest and Principal Accounts of the applicable Trust as provided for in Section 3.05(d) hereof.

SECTION 3.10. NOTICE AND SALE BY TRUSTEE. If at any time the principal of or interest on any of the Securities shall be in default and not paid or provision for payment thereof shall not have been duly made within 30 days, either pursuant to the Insurance, if any, or otherwise, the Trustee shall notify the Depositor thereof. If within 30 days after such notification the Depositor has not given any instruction to sell or hold or has not taken any other action in connection with such Securities, the Trustee shall sell such Securities forthwith, and the Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of such sale.

SECTION 3.11. TRUSTEE NOT REQUIRED TO AMORTIZE. Nothing in this Indenture, or otherwise, shall be construed to require the Trustee to make any adjustments between the Interest and Principal Accounts by reason of any premium or discount in respect of any of the Securities.

SECTION 3.12. LIABILITY OF DEPOSITOR. The Depositor shall be under no liability to the Unitholders for any action taken or for refraining from the taking of any action in good faith pursuant to this Indenture or for errors in judgment, but shall be liable only for its own willful misfeasance, bad faith or gross negligence in the performance of its duties

or by reason of its reckless disregard of its obligations and duties hereunder. The Depositor may rely in good faith on any paper, order, notice, list, affidavit, receipt, opinion, endorsement, assignment, draft or any other document of any kind PRIMA FACIE properly executed and submitted to it by the Trustee, counsel or any other persons pursuant to this Indenture and in furtherance of its duties.

SECTION 3.13. NOTICE TO DEPOSITOR. In the event that the Trustee shall have been notified at any time of any action to be taken or proposed to be taken by holders of the Securities (including but not limited to the making of any demand, direction, request, giving of any notice, consent or waiver or the voting with respect to any amendment or supplement to any indenture, resolution, agreement or other instrument under or pursuant to which the Securities have been issued) the Trustee shall promptly notify the Depositor and shall thereupon take such action or refrain from taking any action as the Depositor shall in writing direct; PROVIDED, HOWEVER, that if the Depositor shall not within five Business Days of the giving of such notice to the Depositor direct the Trustee to take or refrain from taking any action, the Trustee shall take such action as it, in its sole discretion, shall deem advisable. Neither the Depositor nor the Trustee shall be liable to any person for any action or failure to take action with respect to this Section 3.13.

(a) If any contract in respect of Contract Securities in a Trust other than a contract to purchase a New Security (as defined below), including those purchased on a "when, as and if issued" basis, shall have failed due to any occurrence, act or event beyond the control of the Depositor or the Trustee (such failed Contract Securities being herein called the "SPECIAL SECURITIES"), the Depositor shall notify the Trustee (such notice being herein called the "FAILED CONTRACT NOTICE") of its inability to deliver the failed Special Security to the Trustee after it is notified that the Special Security will not be delivered by the seller thereof to the Depositor. Prior to, or simultaneously with, giving the Trustee the Failed Contract Notice, or within a maximum of twenty days after giving such Notice (such twenty-day period being herein called the "PURCHASE PERIOD"), the Depositor shall, if possible, purchase or enter into the contract, if any, to purchase an obligation to be held as a Security hereunder (herein called the "NEW SECURITY") as part of the Fund in replacement of the failed Special Security, subject to the satisfaction of all of the following conditions in the case of each purchase or contract to purchase:

(1) The New Securities (i) shall have a fixed maturity date (whether or not entitled to the benefits of any sinking, redemption, purchase of similar fund) substantially similar to, but not exceeding the date of maturity of the Special Securities they replace, (ii) must be purchased at a price that results in a current return as of the Date of Deposit at least equal to that of the Special Securities they replace, (iii) must be purchased at a price that results in a yield to maturity as of the Date of Deposit of the Trust at least equal to that of the Special Securities they replace, (iv) shall be payable as to principal and interest in United States currency, (v) shall not be "when, as and if issued" Securities, (vi) in the case of Trusts containing Ginnie Mae Securities, shall be taxable mortgage-backed securities of the modified pass-through type which maintain

as far as practicable the original percentage relationship between the principal amounts of Ginnie Maes of specified interest rates and ranges of maturity in the Trust and (vii) shall be issued after July 18, 1984.

(2) Each New Security shall be rated at least "BBB" or better in the case of the Insured Trusts and "A" or better in the case of other Trusts by Standard & Poor's Corporation or "Baa" or better in the case of the Insured Trusts and "A" or better in the case of other Trusts by Moody's Investors Service, Inc., or comparably rated by any other nationally recognized credit rating service rating debt obligations which shall be designated by the Depositor and shall be satisfactory to the Trustee.

(3) The principal amount of the New Securities (exclusive of accrued interest) shall not exceed the principal attributable to the Special Securities.

(4) With respect to the Insured Trusts, each New Security which is a Corporate Bond shall be acceptable to the Insurer to be included under the respective Trust's Insurance and will be so included upon acquisition by the Trust or, in the case of a Trust in which all Securities are not insured by a portfolio insurance policy but are Pre-Insured Bonds, shall be a Pre-Insured Bond.

(5) The Depositor shall promptly furnish a notice to the Trustee (which may be part of the Failed Contract Notice) in respect of the New Securities purchased or to be purchased that shall (i) identify the New Securities, (ii) state that the contract to purchase, if any, entered into by the Depositor is satisfactory in form and substance, and (iii) state that the foregoing conditions of clauses (1) through (4) have been satisfied with respect to the New Securities.

Upon satisfaction of the foregoing conditions with respect to any New Security, the Depositor shall pay the purchase price for the New Security from its own resources or, if the Trustee has credited any moneys and/or letters of credit attributable to the failed Special Security to the Principal Account of such Trust, the Trustee shall pay the purchase price of the New Security upon directions from the Depositor from the moneys and/or letters of credit so credited to the Principal Account. If the Depositor has paid the purchase price and, in addition, the Trustee has credited moneys of the Depositor to the Principal Account of such Trust, the Trustee shall forthwith return to the Depositor the portion of such moneys that is not properly distributable to Unitholders pursuant to Section 3.05.

Whenever a New Security is acquired by the Depositor pursuant to the provisions of this Section 3.14, the Trustee shall, within five days thereafter, mail to all holders of Units of the respective Trust notice of such acquisition, including an identification of the failed Special Security and the New Security acquired. Notwithstanding anything to the contrary in this Section 3.14, no substitution of New Securities will be made unless the Depositor has received an opinion of counsel that such substitution will not adversely affect the federal, state or local income tax status of the Trust, if the principal amount of such New Securities when added to all previously purchased New Securities in the Trust exceeds 15% of the principal amount of Securities initially deposited in the Trust.

(b) The Depositor may in writing from time to time direct the Trustee to purchase, or to enter into contracts (which the Depositor shall have

approved as satisfactory in form and substance) to purchase, obligations to be held as Securities hereunder as a part of the Trust Fund (the "REPLACEMENT SECURITIES") in respect of the moneys held in the Principal Account representing the proceeds of Securities sold pursuant to Section 3.07 or proceeds from the sale of Securities pursuant to Section 5.02 to the extent that such proceeds are not required for the purpose of redemption of Units, subject to the satisfaction of the following conditions in the case of each such purchase or contract to purchase:

(1) the Replacement Securities are substantially similar to the Securities from which the proceeds in the Principal Account are derived;

(2) the Depositor has received an opinion of counsel that such purchase will not adversely affect the status of the Trust under the Investment Company Act of 1940; and

(3) the Depositor has given such written direction to the Trustee prior to the Monthly Record Date on which such moneys would otherwise be distributed.

(c) If the Prospectus for a Trust specifies that the reinvestment of principal is permitted, from the Date of Deposit for such Trust until such time as the Depositor notifies the Trustee in writing that such action is impractical (the "REINVESTMENT PERIOD"), the Trustee shall, as directed by the Depositor, enter into contracts (which the Depositor shall have approved as satisfactory in form and substance) to purchase obligations to be held as Securities hereunder as part of such Trust (the "REINVESTMENT SECURITIES") and shall pay for the same with the moneys held in the Principal Account representing the payment or prepayment of principal on the underlying Securities to the extent that such proceeds are not required for the purpose of redemption of Units or other charges to the Principal Account then pending. In giving such direction, the Depositor shall determine that the Reinvestment Securities to be acquired pursuant to such contracts are substantially similar to the Securities upon which the principal used to purchase such Reinvestment Securities was received. The Trustee may purchase the Reinvestment Securities for deposit in the Trust Fund directly from market makers in such Securities or may retain the Depositor or other brokers to purchase the Reinvestment Securities and pay them usual and customary brokerage commissions for such transactions. Funds remaining in the Principal Account subsequent to a purchase of Reinvestment Securities will remain in such Account until such time as they can be invested into additional Reinvestment Securities. During the reinvestment period, amounts in the Principal Account which the Depositor determines and so notifies the Trustee in writing or via facsimile are (a) unable to be invested into Reinvestment Securities or (b) are required to be distributed for "regulated investment company" tax purposes shall be distributed on the next Monthly Distribution Date, to Unitholders of record on the related Monthly Record Date.

At such time that the Depositor shall determine that the reinvestment of cash from the Principal Account into Reinvestment Securities shall no longer be practical, the Depositor shall notify the Trustee, in writing, that the Reinvestment Period is terminated. Upon termination of the Reinvestment Period, unreinvested amounts remaining in the Principal Account and amounts subsequently credited to the Principal Account shall be distributed in accordance with Section 3.05.

(d) The Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of any purchase made pursuant to any direction of the Depositor provided in this Section 3.14, and in the absence of such direction the Trustee shall have no duty to make any purchase. The Depositor shall not be liable for errors of judgment in respect of this Section 3.14; PROVIDED, HOWEVER, that this provision shall not protect the Depositor against any liability to which it would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties hereunder.

SECTION 3.15. PORTFOLIO SUPERVISOR. As compensation for providing portfolio supervisory services under this Indenture, the Portfolio Supervisor shall receive against a statement or statements therefor submitted to the Trustee on or before each Monthly Distribution Date an aggregate annual fee in an amount which shall not exceed that amount set forth in the Prospectus, times the number of Units outstanding as of the December Record Date of the immediately preceding year except during the year or years in which an initial offering period as determined in Section 4.01 of this Indenture occurs, in which case the fee for a month is based on the number of Units outstanding as of each Record Date with respect to the monthly period ending thereon (such annual fee to be pro rated for any calendar year in which the Portfolio Supervisor provides services during less than the whole of such year), but in no event shall such compensation when combined with all compensation received from other series of the Fund and other unit investment trusts sponsored by the Depositor for providing such supervisory services in any calendar year exceed the aggregate cost to the Portfolio Supervisor for providing such services. The statement or statements submitted to the Trustee as hereinabove provided shall constitute the Portfolio Supervisor's certification that the amounts claimed as due do not exceed the amount payable in accordance with this Section, and the Trustee shall have no liability for payments made in reliance thereon. Such compensation may, from time to time, be adjusted PROVIDED that the total adjustment upward does not, at the time of such adjustment, exceed the percentage of the total increase, after the Date of Deposit of the Trust, in consumer prices for services as measured by the United States Department of Labor Consumer Price Index entitled "ALL SERVICES LESS RENT OF SHELTER" or similar index, if such index should no longer be published. The consent or concurrence of the Trustee or any Unitholder hereunder shall not be required for any such adjustment or increase. Such compensation shall be charged by the Trustee, upon receipt of invoice therefor from the Portfolio Supervisor, against the Interest and Principal Accounts on or before the Distribution Date following the Monthly Record Date on which such period terminates.

If the cash balance in the Interest and Principal Accounts shall be insufficient to provide for amounts payable pursuant to this Section 3.15, the Trustee shall have the power to sell (i) Securities from the current list of Securities designated to be sold pursuant to Section 5.02 hereof, or (ii) if no such Securities have been so designated, such Securities as the Trustee may see fit to sell in its own discretion, and to apply the proceeds of any such sale in payment of the amounts payable pursuant to this Section 3.15.

Any moneys payable to the Portfolio Supervisor pursuant to this Section 3.15 shall be secured by a prior lien on the Trust Fund except that no such lien shall be prior to any lien in favor of the Trustee under the provisions of Section 6.04 herein.

Except as the context otherwise requires, the Portfolio Supervisor shall be subject to the provisions of Section 4.05 herein in the same manner as it would if it were the Evaluator.

#### ARTICLE IV

##### EVALUATION OF SECURITIES; EVALUATOR

SECTION 4.01. EVALUATION OF SECURITIES. The Evaluator shall determine separately and promptly furnish to the Trustee and the Depositor upon request the value of each issue of Securities of each Trust (treating separate maturities of Securities as separate issues) as of the close of trading on the New York Stock Exchange on the offering side of the market on each Business Day on which such exchange is open for trading until such time as the Evaluator and the Trustee have been informed by the Depositor that the initial public offering of the Units of the respective Trusts has been completed. After the initial public offering of the Units has been completed (and on any day during the initial public offering on which the Trustee has notified the Evaluator that a Unit has been tendered for redemption), the Evaluator shall determine separately and promptly furnish to the Trustee and the Depositor upon request the value of each issue of Securities of a Trust (treating separate maturities of Securities as separate issues) as of the close of trading on the New York Stock Exchange on the bid side of the market on the days on which an evaluation of the Trust is required by Section 5.01. Such evaluations shall be made (i) on the basis of current bid or offering prices for the Securities of a Trust, (ii) if bid or offering prices are not available for any Securities of a Trust, on the basis of current bid or offering prices for comparable securities, (iii) by determining the value of the Securities of a Trust on the bid or offering side of the market by appraisal, or (iv) by any combination of the above. Any evaluation of Corporate Bonds which includes amounts attributable to Permanent Insurance, as defined in Section 5.02 hereof, shall, to the extent necessary, include a deduction for amounts which would be payable as premiums to obtain Permanent Insurance if the Trustee had exercised the right to obtain Permanent Insurance. For each evaluation, the Evaluator shall also determine and furnish to the Trustee and the Depositor the aggregate of (a) the value of all Securities of a Trust on the basis of such evaluation, and (b) on the basis of the information furnished to the Evaluator by the Trustee pursuant to Section 3.03, the amount of cash then held in the Principal Account of the respective Trust which was received by the Trustee after the Record Date preceding such determination less amounts required for payment of Units tendered for redemption and payment of Trust expenses, and less any amounts held in the Principal Account of the respective Trust for distribution to Unitholders on a subsequent Distribution Date when a Record Date occurs four Business Days or less after such determination. For the purposes of the foregoing, the Evaluator may obtain current bid or offering prices for the Securities from investment dealers or brokers (including the Depositor) that customarily deal in the Securities and may value the Insurance on the Corporate Bonds in such a manner as the Evaluator deems necessary for such

valuation.

In the case of Trusts which contain Ginnie Mae Securities, during the period in any month prior to the time when the current outstanding principal amount of any Security is publicly available the Evaluator will base its evaluations and calculations as to such Security upon the average prepayments experience with respect to such Security during the preceding twelve months (or since the issuance of the Security is such Security has been outstanding less than twelve months) applied to the principal amount outstanding at the end of the second preceding month. (As used in this Indenture, "prepayment experience" shall mean the percentage of reduction in the principal amount of a Security).

SECTION 4.02. INFORMATION FOR UNITHOLDERS. For the purpose of permitting Unitholders to satisfy any reporting requirements of applicable federal or state tax law, the Evaluator shall make available to the Trustee and the Trustee shall transmit to any Unitholder upon request any determinations made by it pursuant to Section 4.01.

SECTION 4.03. COMPENSATION OF EVALUATOR. As compensation for its services hereunder, the Evaluator shall receive against a statement therefor submitted to the Trustee monthly on or before each Monthly Distribution Date a fee as specified in the Prospectus for each evaluation of the Securities; PROVIDED, HOWEVER that such fee may be increased without approval of the Trustee or the Unitholders by amounts not exceeding proportionate increases under the category "All Services Less Rent of Shelter" in the Consumer Price Index published by the United States Department of Labor. In no event, however, shall such compensation when combined with all compensation received from other series of the Fund and other unit investment trusts sponsored by the Depositor for providing such evaluation services in any calendar year exceed the aggregate cost to the Evaluator for providing such services. The statement submitted to the Trustee as hereinabove provided shall constitute the Evaluator's certification that the amounts claimed as due do not exceed the amount payable in accordance with this Section, and the Trustee shall have no liability for payments made in reliance thereon.

SECTION 4.04. LIABILITY OF EVALUATOR. The Trustee, the Depositor and the Unitholders may rely on any evaluation furnished by the Evaluator and shall have no responsibility for the accuracy thereof. The determinations made by the Evaluator hereunder shall be made in good faith upon the basis of the best information available to it. The Evaluator shall be under no liability to the Trustee, the Depositor or the Unitholders for errors in judgment; PROVIDED, HOWEVER, that this provision shall not protect the Evaluator against any liability to which it would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties hereunder.

SECTION 4.05. RESIGNATION AND REMOVAL OF EVALUATOR; SUCCESSOR. (a) The Evaluator may resign and be discharged hereunder, by executing an instrument in writing resigning as Evaluator and filing the same with the Depositor and the Trustee, not less than 60 days before the date specified in such instrument when, subject to Section 4.05(e), such resignation is to take effect. Upon receiving such notice of resignation, the Depositor and the Trustee shall use their best efforts to appoint a successor evaluator

having qualifications and at a rate of compensation satisfactory to the Depositor and the Trustee. Such appointment shall be made by written instrument executed by the Depositor and the Trustee, in duplicate, one copy of which shall be delivered to the resigning Evaluator and one copy to the successor evaluator. The Depositor or the Trustee may remove the Evaluator at any time upon 30 days' written notice and appoint a successor evaluator having qualifications and at a rate of compensation satisfactory to the Depositor and the Trustee. Such appointment shall be made by written instrument executed by the Depositor and the Trustee, in duplicate, one copy of which shall be delivered to the Evaluator so removed and one copy to the successor evaluator. Notice of such resignation or removal and appointment of a successor evaluator shall be mailed by the Trustee to each Unitholder then of record.

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

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

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

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

## ARTICLE V

### EVALUATION, REDEMPTION, PURCHASE, TRANSFER, INTERCHANGE, REPLACEMENT OF CERTIFICATES OR UNITS HELD IN UNCERTIFICATED FORM

SECTION 5.01. EVALUATION. The Trustee shall make an evaluation of each Trust as of the close of trading on the New York Stock Exchange on each Business Day on which such exchange is open for trading. For each Trust, and for all such purposes of determination of the aggregate price of the Securities in a Trust, the close of trading on the New York Stock Exchange shall be 4:00 p.m. Eastern time. Such evaluations shall take into account and itemize separately (a) the cash on hand in each Trust (other than cash



declared held in trust to cover contracts to purchase securities) or moneys in the process of being collected from matured interest coupons or securities matured or called for redemption prior to maturity, (b) the value of each issue of the Securities in the respective Trust as last determined by the Evaluator pursuant to Section 4.01, (c) interest accrued thereon not subject to collection and distribution, (d) amounts representing organizational expenses paid from a Trust less amounts representing accrued organizational expenses of such Trust, and (e) all other assets of the respective Trust. For each such evaluation there shall be deducted from the sum of the above (i) amounts representing any applicable taxes or governmental charges payable out of the respective Trust and for which no deductions shall have previously been made for the purpose of addition to the Reserve Account, (ii) amounts representing accrued expenses of such Trust including but not limited to unpaid fees and expenses of the Trustee, the Evaluator, the Portfolio Supervisor, the Depositor and counsel, in each case as reported by the Trustee to the Depositor on or prior to the date of evaluation, and (iii) cash held for distribution to Unitholders of record of the respective Trust as of a date prior to the evaluation then being made. In the case of Trusts which contain Ginnie Mae Securities, during the period in any month prior to the time when the current outstanding principal amount of any Security is publicly available the Trustee will base its calculations as to the interest accrued on such Security upon the average prepayments experience with respect to such Security during the preceding twelve months ( or since the issuance of the Security if such Security has been outstanding less than twelve months) applied to the principal amount outstanding at the end of the second preceding month, in each case as determined by the Evaluator upon which the Trustee shall be authorized to rely and shall have no liability for any error therein. (As used in this Indenture, "PREPAYMENT EXPERIENCE" shall mean the percentage of reduction in the principal amount of a Security). The value of the PRO RATA share of each Unit of the respective Trust determined on the basis of any such evaluation shall be referred to herein as the "UNIT VALUE." Until the Depositor has informed the Trustee that there will be no further deposits of Additional Securities pursuant to Section 2.01(b), the Depositor shall provide the Trustee with written estimates of (i) the total organizational expenses to be borne by the Trust pursuant to Section 3.01 and (ii) the total number of Units to be issued in connection with the initial deposit and all anticipated deposits of additional Securities. For purposes of calculating the Trust Evaluation and Unit Value, the Trustee shall treat all such anticipated expenses as having been paid and all liabilities therefor as having been incurred, and all Units as having been issued, in each case on the date of the Trust Agreement, and, in connection with each such calculation, shall take into account a pro rata portion of such expense and liability based on the actual number of Units issued as of the date of such calculation. In the event the Trustee is informed by the Depositor of a revision in its estimate of total expenses or total Units and upon the conclusion of the deposit of additional Securities, the Trustee shall base calculations made thereafter on such revised estimates or actual expenses, respectively, but such adjustment shall not affect calculations made prior thereto and no adjustment shall be made in respect thereof.

The Trustee shall make an evaluation of the Securities deposited in each Trust as of the time said Securities are deposited under this Indenture. Such evaluation shall be made on the same basis as set forth in Section 4.01, and shall be based upon the offering prices of said Securities. The Trustee, in lieu of making the evaluation required hereby, may use an evaluation prepared by the Evaluator and in so doing shall not be liable or responsible, under any circumstances whatever, for the accuracy or correctness thereof, or for any error or omission therein. The Trustee's determination of the offering price of the Securities of each Trust on the Date of Deposit determined as herein provided shall be included in Schedule A attached to the Trust Agreement.

SECTION 5.02. REDEMPTIONS BY TRUSTEE; PURCHASES BY DEPOSITOR. Any Units tendered for redemption by a Unitholder or his duly authorized attorney to the Trustee at its unit investment trust office in the City of New York, duly endorsed or accompanied by proper instruments of transfer with signatures guaranteed by a participant in the Securities Transfer Agents Medallion Program ("STAMP") or such other signatures guarantee program in addition to, or in substitution for, STAMP, as may be accepted by the Trustee, shall be redeemed by the Trustee on the third business day following the day on which tender for redemption is made (being herein called the "REDEMPTION DATE"). Subject to payment by such Unitholder of any tax or other governmental charges which may be imposed thereon, such redemption is to be made by payment on the Redemption Date of cash equivalent to the Unit Value, determined by the Trustee as of the close of trading on the New York Stock Exchange, on the date of tender; PROVIDED that accrued interest is paid to the Redemption Date, multiplied by the number of Units tendered for redemption (herein called the "REDEMPTION PRICE"). Units received for redemption by the Trustee on any day after the close of trading on the New York Stock Exchange (4:00 p.m. Eastern time) will be held by the Trustee until the next day on which the New York Stock Exchange is open for trading and will be deemed to have been tendered on such day for redemption at the Redemption Price computed on that day. The Trustee may in its discretion, and shall when so directed by the Depositor in writing, suspend the right of redemption for Units of a Trust or postpone the date of payment of the Redemption Price for more than three business days following the day on which tender for redemption is made (i) for any period during which the New York Stock Exchange is closed other than customary weekend and holiday closings or during which trading on the New York Stock Exchange is restricted; (ii) for any period during which an emergency exists as a result of which disposal by such Trust of the Securities is not reasonably practicable or it is not reasonably practicable fairly to determine in accordance herewith the value of the Securities; or (iii) for such other period as the Securities and Exchange Commission may by order permit, and shall not be liable to any person or in any way for any loss of damage which may result from any such suspension or postponement.

Not later than the close of business on the day of tender of Units for redemption by a Unitholder other than the Depositor, the Trustee shall notify the Depositor of such tender. The Depositor shall have the right to purchase such Units by notifying the Trustee of its election to make such purchase as soon as practicable thereafter but in no event subsequent to

12:00 p.m. Eastern time on the next Business Day after the day on which such Units were tendered for redemption. Such purchase shall be made by payment for such Units by the Depositor on the Redemption Date of an amount equal to the Redemption Price which would otherwise be payable by the Trustee to such Unitholder.

Any Units so purchased by the Depositor may at the option of the Depositor be tendered to the Trustee for redemption at the corporate trust office of the Trustee in the manner provided in the first paragraph of this Section 5.02.

If the Depositor does not elect to purchase any Units of a Trust tendered to the Trustee for redemption, or if Units are being tendered by the Depositor for redemption, that portion of the Redemption Price which represents interest shall be withdrawn from the Interest Account of such Trust to the extent available. The balance paid on any redemption, including accrued interest, if any, shall be withdrawn from the Principal Account of such Trust to the extent that funds are available for such purpose. If such available balance shall be insufficient, the Trustee shall sell such of the Securities held in such Trust currently designated for such purposes by the Depositor as the Trustee in its sole discretion shall deem necessary. Given the minimum principal amount in which certain Securities may be required to be sold, the proceeds of such sales may exceed the amount necessary for payment of Units redeemed. Such excess proceeds shall be distributed PRO RATA to all remaining Unitholders of record of such Trust Fund unless (i) the Trust has elected to be taxed as a Regulated Investment Company and (ii) the Depositor shall have notified the Trustee no later than five business days prior to the next following Record Date that such excess proceeds shall be reinvested as provided in Section 3.14; however, the Trustee shall not be required to make a distribution from the Principal Account of the Trust Fund unless the cash balance on deposit therein available for distribution shall be sufficient to distribute at least the amount set forth in the related Prospectus. In the event that funds are withdrawn from the Principal Account for payment of accrued interest, the Principal Account shall be reimbursed for such funds so withdrawn when sufficient funds are next available in the Interest Account.

The Depositor shall maintain with the Trustee a current list of Securities held in each Trust designated to be sold and the minimum par amount thereof for the purpose of redemption of Units of each Trust tendered for redemption and not purchased by the Depositor, and for payment of expenses hereunder, PROVIDED that if the Depositor shall for any reason fail to maintain such a list, the Trustee, in its sole discretion, may designate a current list of Securities for such purposes. The net proceeds of any sales of Securities from such list representing principal shall be credited to the Principal Account of such Trust and the proceeds of such sales representing accrued interest shall be credited to the Interest Account of such Trust. With respect to Trusts in which all of the underlying Securities have Insurance (the "INSURED TRUSTS"), the Depositor shall also designate on such list of Securities designated to be sold, the Securities upon the sale of which the Trustee shall obtain permanent insurance (the "PERMANENT INSURANCE") from an Insurer, PROVIDED that if the Depositor shall for any reason fail to make such designation, the Trustee in its sole

discretion, shall make such designation if it deems such designation to be in the best interests of Unitholders. The Trustee is hereby authorized to pay and shall pay out of the proceeds of the sale of the Securities which are covered by Permanent Insurance, any premium for such Permanent Insurance and the net proceeds after such deduction shall be credited to the Principal Account and the net proceeds representing accrued interest shall be credited to the Interest Account.

Sales of Securities shall be made in such manner as the Trustee shall determine will bring the best price obtainable for the Trust Fund, provided, however, that sales shall be made in such manner, as the Trustee shall determine, as will provide the Trustee with funds in an amount sufficient and at the time necessary in order for it to pay the Redemption Price of Units tendered for redemption, regardless of whether or not a better price could be obtained if the Securities were sold without regard for the day on which the proceeds of such sale would be received. The Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of any sale of Securities made pursuant to this Section 5.02.

Certificates evidencing Units and the amount recorded in the registration books of the Trust representing Units held in uncertificated form redeemed pursuant to this Section 5.02 shall be canceled by the Trustee and the Unit or Units evidenced by such Certificates or evidenced by such records in the registration books of the Trust for Units held in uncertificated form shall be terminated by such redemptions.

When directed by the Depositor, the Trustee shall employ the Depositor as its agent for the purpose of executing sales of Securities. The Depositor will verify the Trustee's ownership of any Security prior to entering into a contract for its sale. The Trustee shall have no liability for loss or depreciation resulting from the Depositor's negligence or misconduct as such agent.

Notwithstanding the foregoing, the Trustee is hereby authorized in its discretion, but without obligation, in the event that the Depositor does not elect to purchase any Unit tendered to the Trustee for redemption, or in the event that a Unit is being tendered by the Depositor for redemption, in lieu of redeeming such Unit, to sell such Unit in the over-the-counter-market for the account of the tendering Unitholder at a price which will return to the Unitholder an amount in cash, net after deducting brokerage commissions, transfer taxes and other charges, equal to or in excess of the Redemption Price which such Unitholder would otherwise be entitled to receive on redemption pursuant to this Section 5.02. The Trustee shall pay to the Unitholder the net proceeds of any such sale no later than the day the Unitholder would otherwise be entitled to receive payment of the Redemption Price hereunder.

SECTION 5.03. TRANSFER OR INTERCHANGE OF CERTIFICATES OR UNITS HELD IN UNCERTIFICATED FORM. A Unit may be transferred by the registered holder thereof by presentation and surrender of the Certificate or in the case of Units held in uncertificated form, written transfer instructions in a form satisfactory to the Trustee at the corporate trust office of the Trustee, properly endorsed or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and executed by the Unitholder or his authorized attorney, whereupon a new registered Certificate or

Certificates or a new notation in the registration books of the Trust for Units to be held in uncertificated form for the same number of Units of the same Trust Fund executed by the Trustee and the Depositor will be issued in exchange and substitution therefor. Certificates issued pursuant to this Indenture are interchangeable for one or more other Certificates in an equal aggregate number of Units of the same Trust and all Certificates issued shall be issued in denominations of one Unit or any multiple thereof as may be requested by the Unitholder. Unitholders may exchange their Certificates for the same number of Units to be held in uncertificated form as recorded in the registration books of the Trust. The Trustee may deem and treat the person in whose name any Unit shall be registered upon the books of the Trustee as the owner of such Unit for all purposes hereunder and the Trustee shall not be affected by any notice to the contrary, nor be liable to any person or in any way for so deeming and treating the person in whose name any Unit shall be so registered.

Unitholders holding their Units in uncertificated form may at any time request the Trustee to issue Certificates representing such Units. The Trustee shall, upon receipt of such a request in a form satisfactory to it, issue Certificates in denominations of one Unit or any multiple thereof as may be requested by the Unitholders.

A sum sufficient to pay any tax or other governmental charge that may be imposed in connection with any such transfer or interchange shall be paid by the Unitholder to the Trustee. The Trustee may require a Unitholder to pay a reasonable fee to be determined by the Trustee for each new Certificate issued on any such transfer or interchange.

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

SECTION 5.04. CERTIFICATES MUTILATED, DESTROYED, STOLEN OR LOST. In case any Certificate shall become mutilated, destroyed, stolen or lost, the Trustee shall execute and deliver a new Certificate in exchange and substitution therefor upon the holder's furnishing the Trustee with proper identification and satisfactory indemnity, complying with such other reasonable regulations and conditions as the Trustee may prescribe and paying such expenses as the Trustee may incur. Any mutilated Certificate shall be duly surrendered and cancelled before any new Certificate shall be issued in exchange and substitution therefor. Upon the issuance of any new Certificate, a sum sufficient to pay any tax or other governmental charge and the fees and expenses of the Trustee may be imposed. Any such new Certificate issued pursuant to this Section shall constitute complete and indefeasible evidence of ownership in the related Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

In the event the related Trust has terminated or is in the process of termination, the Trustee may, instead of issuing a new Certificate in exchange and substitution for any Certificate which shall have become mutilated or shall have been destroyed, stolen or lost, make the distributions in respect of such mutilated, destroyed, stolen or lost Certificate (without surrender thereof except in the case of a mutilated Certificate) as provided in Section 8.02 hereof if the Trustee is furnished with such security or indemnity as it may require to save it harmless, and in the case of destruction, loss or theft of a Certificate, evidence to the

satisfaction of the Trustee of the destruction, loss or theft of such Certificate and of the ownership thereof.

## ARTICLE VI

### TRUSTEE

SECTION 6.01. GENERAL DEFINITION OF TRUSTEE'S LIABILITIES, RIGHTS AND DUTIES. The Trustee shall in its discretion undertake such action as it may deem necessary at any and all times to protect each Trust and the rights and interests of the Unitholders pursuant to the terms of this Indenture; PROVIDED, HOWEVER, that the expenses and costs of such actions, undertakings or proceedings shall be reimbursable to the Trustee from the Interest and Principal Accounts of such Trust, and the payment of such costs and expenses shall be secured by a prior lien on such Trust. In addition to and notwithstanding the other duties, rights, privileges and liabilities of the Trustee as otherwise set forth, the liabilities of the Trustee are further defined as follows:

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

(b) The Trustee shall be under no liability for any action taken in good faith on any appraisal, paper, order list, demand, request, consent, affidavit, notice, opinion, direction, evaluation, endorsement, assignment, resolution, draft or other document whether or not of the same kind prima facie properly executed, or for the disposition of moneys, Securities or Units pursuant to this Indenture, or in respect of any evaluation which it is required to make or is required or permitted to have made by others under this Indenture or otherwise, except by reason of its own negligence, lack of good faith or willful misconduct, PROVIDED that the Trustee shall not in any event be liable or responsible for any evaluation made by the Evaluator. The Trustee may construe any of the provisions of this Indenture, insofar as the same may appear to be ambiguous or inconsistent with any other provisions hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the parties hereto.

(c) The Trustee shall not be responsible for or in respect of the recitals herein, the validity or sufficiency of this Indenture or for the due execution hereof by the Depositor, the Portfolio Supervisor, or the Evaluator, or for the form, character, genuineness, sufficiency, value or validity of any Securities (except that the Trustee shall be responsible for the exercise of due care in determining the genuineness of Securities delivered to it pursuant to contracts for the purchase of such Securities) or for or in respect of the validity or sufficiency of the Certificates or the due execution thereof by the Depositor or for the policy of insurance, including (without limiting the foregoing) the terms thereof, its due execution and delivery or the payment by the Insurer of amounts due under,

or the performance by the Insurer of its obligations in accordance with, the Insurance, if any, and the Trustee shall in no event assume or incur any liability, duty or obligation to any Unitholder or the Depositor other than as expressly provided for herein. The Trustee shall not be responsible for or in respect of the validity of any signature by or on behalf of the Depositor, the Portfolio Supervisor or the Evaluator or the Insurer.

(d) The Trustee shall be under no obligation to appear in, prosecute or defend any action which in its opinion may involve it in expense or liability, unless as often as required by the Trustee it shall be furnished with reasonable security and indemnity against such expense or liability, and any pecuniary cost of the Trustee from such actions shall be deductible from and a charge against the Interest and Principal Accounts of the affected Trust or Trusts. The Trustee shall in its discretion undertake such action as it may deem necessary at any and all times to protect the Trust and the rights and interests of the Unitholders pursuant to the terms of this Indenture; PROVIDED, HOWEVER, that the expenses and costs of such actions, undertakings or proceedings shall be reimbursable to the Trustee from the Interest and Principal Accounts, and the payment of such costs and expenses shall be secured by a lien on the Trust prior to the interests of Unitholders.

(e) The Trustee may employ agents, attorneys, accountants and auditors and shall not be answerable for the default or misconduct of any such agents, attorneys, accountants or auditors if such agents, attorneys, accountants or auditors shall have been selected with reasonable care. The Trustee shall be fully protected in respect of any action under this Indenture taken or suffered in good faith by the Trustee, in accordance with the opinion of counsel which may be counsel to the Depositor acceptable to the Trustee. The fees and expenses charged by such agents, attorneys, accountants and auditors shall constitute an expense of the Trustee, reimbursable from the Interest and Principal Accounts of the affected Trust as set forth in Section 6.04 hereof.

(f) If at any time the Depositor shall fail to undertake or perform any of the duties which by the terms of this Indenture are required by it to be undertaken or performed, or such Depositor shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of such Depositor or of its property shall be appointed, or any public officer shall take charge or control of such Depositor or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then in any such case, the Trustee may: (1) appoint a successor depositor who shall act hereunder in all respects in place of such Depositor, which successor shall be satisfactory to the Trustee, and which may be compensated at rates deemed by the Trustee to be reasonable under the circumstances, by deduction ratably from the Interest Accounts of the affected Trusts or, to the extent funds are not available in such Account, from the Principal Accounts of the affected Trusts, but no such deduction shall be made exceeding such reasonable amount as the Securities and Exchange Commission may prescribe in accordance with Section 26(a)(2)(C) of the Investment Company Act of 1940, (2) terminate this Indenture and the trust created hereby and liquidate the Trust Fund in the manner provided in Section 8.02 or (3) continue to act as Trustee hereunder without

terminating this Indenture, acting in its own absolute discretion without appointing any successor Depositor and receiving additional compensation at rates determined as provided in clause (1) of this Section 6.01(f).

(g) If (i) the value of any Trust as shown by any evaluation by the Trustee pursuant to Section 5.01 hereof shall be less than that amount set forth in the Prospectus, or (ii) by reason of the Depositor's redemption of Units of a Trust not theretofore sold constituting more than 60% of the number of Units initially authorized, the net worth of the Trust is reduced to less than 40% of the aggregate principal amount of Securities initially deposited in such Trust, the Trustee may in its discretion, and shall when so directed by the Depositor, terminate this Indenture and the trust created hereby and liquidate such Trust, all in the manner provided in Section 8.02.

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

(i) No payment to a Depositor or to any principal underwriter (as defined in the Investment Company Act of 1940) for the Trust or to any affiliated person (as so defined) or agent of a Depositor or such underwriter shall be allowed the Trustee as a expense except for payment of such reasonable amounts as the Securities and Exchange Commission may prescribe as compensation for performing bookkeeping and other administrative services of a character normally performed by the Trustee.

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

(k) The Trustee is authorized to appoint as co-trustee of any Trust a trust company affiliated with the Trustee to perform the functions of custodian and receiving and paying agent.

(l) The Trustee in its individual or any other capacity may become owner or pledgee of, or be an underwriter or dealer in respect of, stocks, bonds or other obligations issued by the same issuer (or an affiliate of such issuer) or any obligor of any Securities at any time held as part of the Trust and may deal in any manner with the same or with the issuer (or an affiliate of the issuer) with the same rights and powers as if it were not the Trustee hereunder.

(m) The Trust may include a letter or letters of credit for the purchase of Contract Securities issued by the Trustee in its individual capacity for the account of the Depositor, and the Trustee may otherwise deal with the Depositor with the same rights and powers as if it were not the Trustee hereunder.

SECTION 6.02. BOOKS, RECORDS AND REPORTS. The Trustee shall keep proper



books of record and account of all the transactions of each Trust under this Indenture at its corporate trust office, including a record of the name and address of, and the Certificates issued by each Trust and held by, every Unitholder, and such books and records of each Trust shall be open to inspection by any Unitholder of such Trust at all reasonable times during the usual business hours. The Trustee shall make such annual or other reports as may from time to time be required under any applicable state or federal statute or rule or regulation thereunder.

Unless the Depositor determines that such an audit is not required, the accounts of the Trust shall be audited not less than annually by independent public accountants designated from time to time by the Depositor and the reports of such accountants shall be furnished by the Trustee, upon request, to Unitholders. So long as the Depositor is making a secondary market for Units, the Depositor shall bear the cost of such annual audits to the extent such cost exceeds that amount set forth in the related Prospectus.

To the extent permitted under the Investment Company Act of 1940 as evidenced by an opinion of independent counsel to the Depositor or "no-action" letters issued by or published interpretations of the staff of the Securities and Exchange Commission, the Trustee shall pay, or reimburse to the Depositor or others, from the Interest or Principal Account the costs of the preparation of documents and information with respect to each Trust required by law or regulation in connection with the maintenance of a secondary market in units of each Trust. Such costs may include but are not limited to accounting and legal fees, blue sky registration and filing fees, printing expenses and other reasonable expenses related to documents required under Federal and state securities laws.

SECTION 6.03. INDENTURE AND LIST OF SECURITIES ON FILE. The Trustee shall keep a certified copy or duplicate original of this Indenture on file at its corporate trust office available for inspection at all reasonable times during the usual business hours by any Unitholder, together with a current list of the Securities in each Trust.

SECTION 6.04. COMPENSATION. For services performed under this Indenture the Trustee shall be paid an amount per annum as set forth in the Prospectus. The Trustee's compensation shall accrue daily and be computed on the basis of the greatest principal amount of Securities in each Trust at any time during the period with respect to which such compensation is being computed (such period being the period commencing with the next preceding Record Date, or the initial date of deposit, as appropriate, and running to, but not including, the Distribution Date on which such computation is made) and shall be apportioned among the respective plans of distribution in effect as of January 1 next preceding such computation. The Trustee may from time to time adjust its compensation as set forth above, PROVIDED that total adjustment upward does not, at the time of such adjustment, exceed the percentage of the total increase, after the Date of Deposit of the Trust, in consumer prices for services as measured by the United States Department of Labor Consumer Price Index entitled "ALL SERVICES LESS RENT OF SHELTER". The consent or concurrence of any Unitholder hereunder shall not be required for any such adjustment or increase. Such compensation shall be charged by the Trustee against the Interest and Principal Accounts of each Trust on or before the Distribution

Date on which such period terminates; PROVIDED, HOWEVER, that such compensation shall be deemed to provide only for the usual, normal and proper functions undertaken as Trustee pursuant to this Indenture. The Trustee shall charge the Interest and Principal Accounts relating to such Trust for any and all expenses and disbursements incurred hereunder, including insurance premiums, legal and auditing expenses, and for any extraordinary services performed by the Trustee hereunder relating to such Trust.

The Trustee shall be indemnified ratably by the affected Trust and held harmless against any loss or liability accruing to it without negligence, bad faith or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this Trust, including the costs and expenses (including counsel fees) of defending itself against any claim of liability in the premises. If the cash balances in the Interest and Principal Accounts of the affected Trust shall be insufficient to provide for amounts payable pursuant to this Section 6.04, the Trustee shall have the power to sell (i) Securities from the current list of Securities designated to be sold pursuant to Section 5.02 hereof, or (ii) if no such Securities have been so designated, such Securities of the affected Trust as the Trustee may see fit to sell in its own discretion, and to apply the proceeds of any such sale in payment of the amounts payable pursuant to this Section 6.04. The Depositor and Trustee will observe the procedures described in Section 5.02 with respect to the purchase of Permanent Insurance in connection with any such sale of Corporate Securities from an Insured Trust.

The Trustee shall not be liable or responsible in any way for depreciation or loss incurred by reason of any sale of Securities made pursuant to this Section 6.04. Any moneys payable to the Trustee pursuant to this Section shall be secured by a prior lien on the affected Trust.

. The following provisions shall provide for the removal and resignation of the Trustee and the appointment of any successor trustee:

(a) The Trustee or any trustee or trustees hereafter appointed may resign and be discharged of the Trusts created by this Indenture, by executing an instrument in writing resigning as Trustee of such Trusts and filing same with the Depositor and (unless the Depositor shall have, concurrently with such resignation, appointed a successor trustee) mailing a copy of a notice of resignation to all Unitholders then of record, not less than 60 days before the date specified in such instrument when, subject to Section 6.05(e), such resignation is to take effect. Upon receiving such notice of resignation, the Depositor shall promptly appoint a successor trustee as hereinafter provided, by written instrument, in duplicate, one copy of which shall be delivered to the resigning Trustee and one copy to the successor trustee. The Depositor may remove the Trustee at any time, with or without cause, upon 30 days' written notice and appoint a successor trustee having qualifications and at a rate of compensation satisfactory to the Depositor. The Depositor may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, one copy of which shall be delivered to the Trustee so removed and one copy to the successor trustee. Notice of such resignation or removal of a Trustee and appointment of a successor trustee shall be mailed by the successor trustee, promptly after its acceptance of such appointment, to each

Unitholder then of record.

(b) Any successor trustee appointed hereunder shall execute, acknowledge and deliver to the Depositor and to the resigning or removed Trustee an instrument accepting such appointment hereunder, and such successor trustee without any further act, deed or conveyance shall become vested with all the rights, powers and duties and obligations of its predecessor hereunder with like effect as if originally named Trustee herein and shall be bound by all the terms and conditions of this Indenture. Upon the request of such successor trustee, the Depositor and the resigning or removed Trustee shall, upon payment of any amounts due the resigning or removed Trustee, or provision therefor to the satisfaction of such resigning or removed Trustee, execute and deliver an instrument acknowledged by it transferring to such successor trustee all the rights and powers of the resigning or removed Trustee; and the resigning or removed Trustee shall transfer, deliver and pay over to the successor trustee all Securities and moneys at the time held by it hereunder, together with all necessary instruments of transfer and assignment or other documents properly executed necessary to effect such transfer and such of the records or copies thereof maintained by the resigning or removed Trustee in the administration hereof as may be requested by the successor trustee, and shall thereupon be discharged from all duties and responsibilities under this Indenture.

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

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

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

SECTION 6.06. QUALIFICATIONS OF TRUSTEE. The Trustee shall be a corporation organized and doing business under the laws of the United States or any state thereof, which is authorized under such laws to exercise corporate trust powers and having at all times an aggregate capital, surplus and undivided profits of not less than \$5,000,000.

## ARTICLE VII

### RIGHTS OF UNITHOLDERS

SECTION 7.01. BENEFICIARIES OF TRUST. By the purchase and acceptance or other lawful delivery and acceptance of any Units, the Unitholder shall be

deemed to be a beneficiary of such Trust created by this Indenture and vested with all right, title and interest in such Trust to the extent of the Unit or Units set forth and evidenced by such Certificate or evidenced by the records in the registration books of such Trust subject to the terms and conditions of this Indenture, and of such Certificate or of the initial transaction statements sent to Unitholders in uncertificated form.

SECTION 7.02. RIGHTS, TERMS AND CONDITIONS. In addition to the other rights and powers set forth in the other provisions and conditions of this Indenture, the Unitholders shall have the following rights and powers and shall be subject to the following terms and conditions:

(a) A Unitholder may at any time prior to the evaluation time as of the date on which the Trust is terminated tender his Unit or Units to the Trustee for redemption in accordance with Section 5.02.

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

(c) No Unitholder shall have any right to vote or in any manner otherwise control the operation and management of the Trust Fund, a related Trust, or the obligations and management of the Trust Fund, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Certificates or in the initial transaction statement, be construed so as to constitute the Unitholders from time to time as partners or members of an association; nor shall any Unitholder ever be under any liability to any third persons by reason of any action taken by the parties to this Indenture, or any other cause whatsoever.

#### ARTICLE VIII

##### ADDITIONAL COVENANTS; MISCELLANEOUS PROVISIONS

SECTION 8.01. AMENDMENTS. This Indenture may be amended from time to time by the Depositor and Trustee hereto or their respective successors, without the consent of any of the Unitholders (a) to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision contained herein; or (b) to make such other provision regarding matters or questions arising hereunder as shall not adversely affect the interests of the Unitholders; PROVIDED, HOWEVER, that the parties hereto may not amend this Indenture so as to (i) increase the number of Units issuable hereunder above the amount issued pursuant to Section 2.01, or such lesser amount as may be outstanding at any time during the term of this Indenture, or (ii) subject to Sections 3.08 and 3.14, permit the deposit or acquisition hereunder of interest bearing obligations or other securities either in addition to or in substitution for any of the Securities.

Promptly after the execution of any such amendment, the Trustee shall furnish written notification to all then outstanding Unitholders of the

substance of such amendment.

SECTION 8.02. TERMINATION. This Indenture and each Trust created hereby shall terminate upon the maturity, redemption, sale or other disposition as the case may be of the last Security held in such Trust hereunder unless sooner terminated as hereinbefore specified, and may be terminated at any time by the written consent of that percentage of the outstanding Units of the respective Trust as set forth in the related Prospectus; PROVIDED that in no event shall any Trust continue beyond the end of the calendar year preceding the fiftieth anniversary of the execution of this Indenture (the "MANDATORY TERMINATION DATE"); and PROVIDED FURTHER, that in connection with any such termination, it shall not be necessary for the Trustee to dispose of any Security or Securities of the respective Trust if retention of such Security or Securities of the respective Trust, until due, shall be deemed to be in the best interests of Unitholders of the respective trust, including but not limited to, situations in which a Security or Securities are in default, situations in which a Security or Securities reflect a deteriorated market price resulting from a fear of default, and situations in which a Security or Securities mature after the Mandatory Termination Date. The Depositor and Trustee will observe the procedures described in Section 5.02 with respect to the purchase of Permanent Insurance in connection with the disposition of Corporate Bonds from an Insured Trust. Upon the date of termination the registration books of the Trustee shall be closed.

Written notice of any termination, specifying the time or times at which the Unitholders of such Trust may surrender their Units for cancellations shall be given by the Trustee to each Unitholder at his address appearing on the registration books of the Trustee. Within a reasonable period of time after such termination, the Trustee shall fully liquidate the Securities of such Trust then held, if any, and shall:

(a) deduct from the Interest Account of such Trust or, to the extent that funds are not available in such Account of such Trust, from the Principal Account of such Trust, and pay to itself individually an amount equal to the sum of (i) its accrued compensation for its ordinary recurring services, (ii) any compensation due it for its extraordinary services in connection with such Trust, and (iii) any costs, expenses, indemnities or advances in connection with such Trust as provided herein;

(b) deduct from the Interest Account of such Trust or, to the extent that funds are not available in such Account, from the Principal Account of such Trust, and pay accrued and unpaid fees of the Evaluator, the Portfolio Supervisor and bond counsel in connection with such Trust, if any;

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

(d) distribute to each Unitholder of such Trust, upon surrender for cancellation of his Unit or Units, such holder's PRO RATA share of the balance of the Interest Account of such Trust;

(e) distribute to each Unitholder of such Trust, upon surrender for cancellation of his Unit or Units, such holder's PRO RATA share of the balance of the Principal Account and, upon satisfaction of the conditions

provided in Section 3.04 hereof, the Reserve Account, of such Trust; and (f) together with such distribution to each Unitholder as provided for in (d) and (e), furnish to each such Unitholder a final distribution statement as of the date of the computation of the amount distributable to Unitholders, setting forth the data and information in substantially the form and manner provided for in Section 3.06 hereof.

The amounts to be so distributed to each Unitholder shall be that PRO RATA share of the balance of the total Interest and Principal Accounts of such Trust as shall be represented by the Units therein evidenced by the outstanding Unit or Units held of record by such Unitholder.

The Trustee shall be under no liability with respect to moneys held by it in the Interest, Reserve and Principal Accounts of a Trust upon termination except to hold the same in trust within the meaning of the Investment Company Act of 1940, without interest until disposed of in accordance with the terms of this Indenture.

In the event that all of the Unitholders of such Trust shall not surrender their Units for cancellation within six months after the time specified in the above mentioned written notice, the Trustee shall give a second written notice to the remaining Unitholders to surrender their Units for cancellation and receive the liquidation distribution with respect thereto. If within one year after the second notice all the Units of such Trust shall not have been surrendered for cancellation, the Trustee may take steps, or may appoint an agent to take appropriate steps, to contact the remaining Unitholders concerning surrender of their Units and the cost thereof shall be paid out of the moneys and other assets which remain in trust hereunder.

SECTION 8.03. CONSTRUCTION. This Indenture is executed and delivered in the State of New York, and all laws or rules of construction of such state shall govern the rights of the parties hereto and the Unitholders and the interpretation of the provisions hereof.

SECTION 8.04. REGISTRATION OF UNITS. The Depositor agrees and undertakes on its own part to register the Units with the Securities and Exchange Commission or other applicable governmental agency, Federal or state, pursuant to applicable Federal or state statutes, if such registration shall be required, and to do all things that may be necessary or required to comply with this provision during the term of the Trust Fund created hereunder, and the Trustee shall incur no liability or be under any obligation or expenses in connection therewith, except as provided in Section 3.01.

SECTION 8.05. WRITTEN NOTICE. Any notice, demand, direction or instruction to be given to the Depositor hereunder shall be in writing and shall be duly given if mailed or delivered to the Depositor, World Trade Center, 164 Northern Avenue, ZT3, Boston, Massachusetts 02210, or at such other address as shall be specified by the Depositor to the other parties hereto in writing.

Any notice, demand, direction or instruction to be given to the Trustee shall be in writing and shall be duly given if mailed or delivered to the Unit Investment Trust offices of the Trustee, 770 Broadway, New York, New York 10003, Attention: Unit Investment Trust Division, or such other address as shall be specified by the Trustee to the other parties hereto in writing.

Any notice, demand, direction or instruction to be given to the Evaluator hereunder shall be in writing and shall be duly given if mailed or delivered to the Evaluator at World Trade Center, 164 Northern Avenue, ZT3, Boston, Massachusetts 02210, or at such other address as shall be specified by the Evaluator to the other parties hereto in writing.

Any notice, demand, direction or instruction to be given to the Portfolio Supervisor shall be in writing and shall be duly given if mailed or delivered to the Portfolio Supervisor at World Trade Center, 164 Northern Avenue, ZT3, Boston, Massachusetts 02210 hereto or such other address as shall be specified by the Portfolio Supervisor to the other parties hereto in writing.

Any notice to be given to the Unitholders shall be duly given if mailed by first class mail with postage prepaid or delivered to each Unitholder at the address of such holder appearing on the registration books of the Trustee.

SECTION 8.06. SEVERABILITY. If any one or more of the covenants, agreements, provisions or terms of this Indenture shall be held contrary to any express provision of law or contrary to policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Indenture and shall in no way affect the validity or enforceability of the other provisions of this Indenture or of the Certificates or the rights of the holders thereof.

SECTION 8.07. DISSOLUTION OF DEPOSITOR NOT TO TERMINATE. The dissolution of the Depositor for any cause whatsoever shall not operate to terminate this Indenture or any Trust Fund insofar as the duties and obligations of the Trustee are concerned.

In Witness Whereof, National Financial Services Corporation and United States Trust Company of New York have each caused these Standard Terms and Conditions of Trust to be executed by authorized officers all as of the day, month and year first above written.

National Financial Services  
Corporation, Depositor, Evaluator and  
Portfolio Supervisor

By  
United States Trust Company of New York, Trustee  
By  
Vice President

#### SCHEDULE A

SECURITIES INITIALLY DEPOSITED  
FIDELITY DEFINED TRUSTS, SERIES 1

(Note: For the purposes of Schedule A, the Schedule may be completed using the column headings shown below or a printed copy of the "Portfolio" for each Trust as the same appears in the Prospectus pertaining to Fidelity Defined Trusts, Series 1 and appropriately designated "Schedule A" may be attached hereto.)

Principal Amount Deposited	Full Name of Obligation	Date of Maturity	Coupon Rate	Cost to Fund	Rating
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