UNIT INVESTMENT TRUST

General Information for Reporting

Please consult a tax advisor to determine an individual's tax situation.
This document is not meant to be a substitute for professional tax advice.

I. GENERAL INFORMATION

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INTRODUCTION

This is designed to assist with understanding a Unit Investment Trust ("UIT") and related tax reporting structures.

For tax purposes, a UIT is generally organized as either a RIC or Grantor. This distinction becomes apparent during tax reporting as a Trust has different requirements based on tax structure.

All information that follows is a general explanation of particular matters related to year-end tax reporting for Unit Investment Trusts ("UITs"). It is recommended that any specific questions regarding an investor's tax preparation be referred to a qualified tax professional that is familiar with the investor's circumstances. Although the design of tax information varies from one institution to the next, the following are general descriptions to assist in understanding that reporting.

This should not be used as a substitute for professional advice. For answers to specific tax questions, clients should seek advice from their tax advisors or the Internal Revenue Service at (800) 829-1040. For general trust level tax inquiries, please contact the BNY Mellon UIT Tax Information line at (866) 568-8985.

Regulated Investment Company

A UIT structured as a Regulated Investment Company (RIC), qualified under Subchapter M of the Internal Revenue Code (IRC), is eligible to pass through capital gains, dividends or interest earned on fund investments directly to individual investors without paying tax on the RIC level.

General Information about a RIC:

- For tax purposes, investors are deemed to own shares of the RIC, not the underlying securities.
- In-kind distribution of trust assets upon the redemption of units is a taxable event to the investor.
- All taxability issues are taken into account at the trust level.
- The Original Issue Discount (OID) accrued by a RIC is subject to distribution requirements.
- A RIC may elect to pass-through foreign tax paid to investors if, at the end of the taxable year, 50% or more of the portfolio is comprised of foreign securities, or, alternatively, 50% or more of the portfolio is comprised of underlying RICs at the end of each quarter.
- An investor has a cost basis based on the units of the RIC.
- There are certain tests to qualify as a RIC, such as diversification and gross income tests. Generally, a RIC must pay out 90% of its investment company taxable income (including any net short-term capital gains) for the taxable year in order to qualify as a RIC.
- Tax Reporting is **not** subject to the Widely Held Fixed Income Trust (WHFIT) rules and reporting almost always reflects cash distributed.

RIC Spill-Over/Spill-Back Dividends

A RIC must satisfy certain distribution requirements with respect to each taxable year in order to be eligible for pass-through tax treatment to its investors under Subchapter M of the Internal Revenue Code. Since the exact amount of investment company taxable income and net capital gain generally is not known until the close of the taxable year, it may be difficult for a RIC to pay sufficient dividends to its investors during a taxable year in an amount necessary to completely eliminate tax at the RIC level. This difficulty is magnified by the fact that there normally is a delay between the declaration of a dividend and the actual distribution of such a dividend. Under a special tax provision, a RIC can elect to treat as paid, during a particular taxable year, certain dividends actually paid by the RIC in the subsequent year. Such dividends commonly are referred to as “spillover dividends” or “spillback dividends.” This procedure affects only the tax treatment of the RIC. The investors are generally taxed on dividends in the year of the actual distribution. Dividends are not required to be declared until the extended due date of the RIC’s tax return; which for a calendar year trust is September 15th of the subsequent year. Consequently, if spillover distributions are necessary, they are commonly declared in or prior to September.

Grantor Trust

Units of a Grantor represent **pro-rata ownership** (proportionate ownership) of the underlying securities in the Trust.

General Information about a Grantor Trust:

- For tax purposes, investors are deemed to own a pro rata portion of each of the securities comprising the Trust portfolio.
- In-kind distribution of the pro rata share of Trust securities represented by a unit is not a taxable event.
- All taxability issues are taken into account at the investor level.
- Taxes on the amount of accretion from any OID flows to the investors and is paid by the individual investor.
- Proportionate ownership allows individuals the opportunity to take advantage of tax credits on their tax returns for foreign securities held in the trust.
- Cost basis treats each security in the portfolio as a separate item.
- A Grantor is not subject to the qualification tests applicable to RICs.

Reporting Gross Proceeds under the WHFIT Reporting Requirements

A Grantor trust is required to comply with the Widely Held Fixed Income Trust (WHFIT) regulations regarding tax reporting.

- A Grantor deposited **prior to July 31, 2006** and fully funded before October 2006 will be "grandfathered," meaning it will still continue **Distribution-based** Gross Proceeds reporting.
- Subject to certain exceptions, a Grantor deposited **July 31, 2006 and after** is required to report Gross Proceeds on a trust **Receipt-basis.**
- For **Receipt-based** trusts, transaction dates reflect when the Trust receives the Gross Proceeds rather than when it distributes the proceeds.

Grantor Trusts containing Commodities/Collectibles

Gains for a Grantor whose portfolio consists, in part, of securities of pooled funds invested in commodities (i.e. Silver, Gold, Platinum, and Palladium) are taxed at a different tax rate than that a gain realized on other portfolio securities. The IRS considers these precious metal commodities as collectibles. This categorization becomes important when the investor **calculates gain or loss** upon redemption of units or maturity of the trust**.**

Expenses in a Grantor

The expenses of Grantors are deducted from the Trust's income account prior to distribution of income to the unitholders. Interest and dividend amounts reported are "grossed up" to include expenses.

A Grantor that contains Tax-Exempt interest may have the interest "grossed up" to include expenses, but, because of the tax-exempt status of the interest, there is no need to segregate the expenses from the interest.

There are two types of expenses:

a) **Investment Expenses,** (i.e., Trustee and Sponsor fees). These may be tax-deductible to the investor if they itemize their tax returns and these expenses, along with other "miscellaneous itemized deductions", exceed 2% of the investor's Adjusted Gross Income.

b) **Organizational expenses,** (i.e., costs associated with establishing a new UIT). Generally, these expenses are incurred during the first year of the trust. These are not tax-deductible, but can be used to increase the investor's cost basis (price paid per unit upon original purchase).

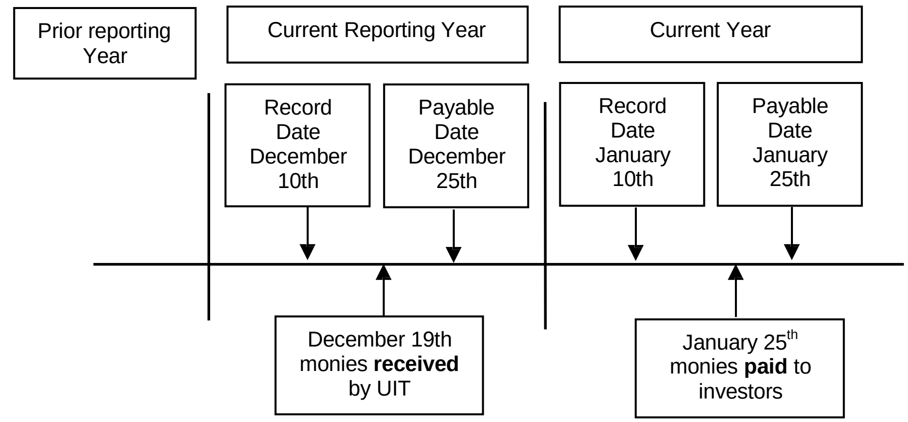
Timing Differences

Investors may inquire why the amount of dividends and interest reported in a Tax Information Statement differs from the amount of income received from a Grantor Trust during the year. In addition to the "gross up" of reported income for expenses discussed above, due to the varied schedule of payments from the individual securities in the Trust's portfolio, one of the following situations could occur:

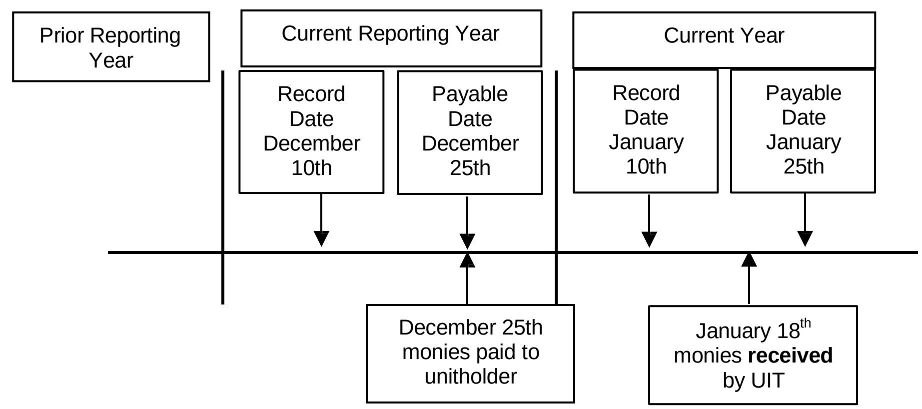
a) **Positive Timing Difference** – Income is received by the Trust in the current year but not distributed to investors until the following year. For example, the Trust receives income after the last payable date for the year; the Income will be distributed on the first payable date of the New Year. However, Income is reportable in the year it is received by the Trust, **not** the year it is distributed.

b) **Negative Timing Difference** – Income is distributed to investors, but not received by the Trust in the current year. For example, the Trust pays on December 25th, but will not receive income from the portfolio until January 18th of the following year. In order to meet the December 25th payment, the Trust's Income Account will have a negative balance until January 18th

POSITIVE



NEGATIVE



Reclassification

Distributions may be subject to **reclassification**. Although an investor receives distributions from the Trust's "Income" and "Principal" accounts during the year, these distributions may be classified differently on the unitholder's reporting. Unit Investment Trusts may contain securities (such as Real Estate Investment Trust (REITS), Canadian Royalty Trusts, Closed End Funds and other RICs) that provide tax information to the Trust **AFTER** initial tax forms have been mailed to investors. Once these issuers provide tax information, the Trust may reclassify distributions and provide updated tax information to reporting firms as needed. This may result in corrected tax information to Unit Investment Trust holders.

State and Local Tax Information

The Trustee's Annual Report summarizes all activity in a UIT during the year, and for Tax-Exempt UITs, it includes certain information that the investors may need to complete their state and local tax returns.

Many states allow residents to exclude a percentage of certain bond interest income from their state tax returns.

To calculate the possible exclusion, the investors should locate the percentage of income collected from their state of residence in the section titled ***Statement of Interest*** **on the Trustee's Annual Report**. They should also locate (if applicable) percentages for the U.S. territories Puerto Rico and Guam. Then they should multiply the sum of these percentages by the total interest income received for the year. The result is the possible exclusion. Since tax laws vary from state to state, it's recommended that the investors verify their state and local tax laws before reporting this income on local and state tax returns.

Intangible Tax

Some states base taxation on the net assets of an individual rather than on income. This method of taxation is known as the Intangible Tax. As a result, the year-end bid price**,** multiplied by the number of units can be used to determine the value of a customer's holdings at the end of the year.

Alternative Minimum Tax

The Alternative Minimum Tax (or AMT) provides an *alternative* set of rules for calculating income tax. The **Prospectus** and **Trustee's Annual Report** will list the securities in the portfolio and any applicable AMT tax percentages associated with each security. The prospectus can be taken to a tax advisor who will be able to help the investor determine an AMT percentage to apply to their tax situation.

FORM 1099-DIV: DIVIDEND DISTRIBUTIONS -

For **RIC Trusts**, the Form 1099-DIV or its substitute will report dividends, short and long-term capital gains and return of capital. For **Taxable Grantor Trusts**, the form will report an investor's share of dividends received during the year.

FORM 1099-DIV:

BOX (1a) Total Ordinary Dividends: **RICs** - **Taxable dividends**. May also contain **Short Term Capital Gains** (gains made on portfolio transactions where the securities were in the trust less than 1 year). **Foreign Tax** is also included for trusts that qualify to pass-through foreign taxes. **RICs that contain tax exempt securities** may have an amount appear in this box due to **Short Term Capital Gains** or market discount incurred by the trust. **Taxable Grantors** - will reflect the customer's share of the ordinary dividends (taxable dividends) received by the Trust. This will include any timing differences, expenses (which will also appear on the Supplemental Information Page), foreign taxes paid, and short term capital gains distributions from mutual funds held in the Trust portfolio.

BOX (1b) Qualified Dividends: **RICs** - The dividend portion from Box 1a that may be eligible for a **reduced** tax rate. The qualifications include that the dividends must have been paid by an American company, or a company from another country on the qualified list, it must not be on the IRS's list of non-qualifying dividends, and it has fulfilled the required holding period. **Taxable Grantors** - the portion of the customer's total ordinary dividends (Box 1a) that may be eligible for a **reduced** tax rate.

BOX (2a) Total Capital Gain Distributions: **RICs** - **Long Term Capital Gains** (gains made on portfolio transactions where the securities were in the trust longer than 1 year). **Taxable Grantors** - the portion of capital gains distributions received by the Trust from a mutual fund, closed end fund, ETF of REIT held in the Trust portfolio.

BOX (2b) Unrecaptured Sec. 1250 Gain: Refers to UITs containing REITS (Real Estate Investment Trusts) and represents amounts from Box 2a that are unrecaptured gains from certain depreciable real property.

BOX (2c) Section 1202 Gain : The portion of the amount in Box 2a from certain small business stock gains that may be subject to a 50% exclusion, and certain empowerment zone business stock that may be subject to a 60% exclusion. Consult Schedule D (Form 1040) instruction. This is not applicable for Taxable Grantor Trusts.

BOX (2d) Collectibles (28%) Gain: The maximum 28% rate gain displayed in Box 2a that is from the sales or exchanges of collectibles, including investments in gold or silver bullion. If required, this amount may be used when completing the 28% Rate Gain Worksheet-Line 18 in the instructions for Schedule D (Form 1040).

BOX (3) Non-Dividend Distributions: After reclassification, this is the monies deemed **non-taxable, non-dividend** distributions (Return of Capital). Investors should reduce their cost basis by this amount.

BOX (4) Federal Income Tax Withheld: Reflects 28% federal backup withholding, or 30% Federal backup withholding for uncertified NRAs tax withheld during the year on reportable interest.

BOX (5) Investment Expenses: This is not applicable for public RIC Trusts since the IRS does not require the reporting of income used to pay expenses. Reporting firms may report this as supplemental information for Grantor trusts.

BOX (6) Foreign Tax Paid: The amount of Foreign Taxes that have been paid to Foreign Countries whose securities are included in the UIT. The investor could use this to apply for a foreign tax credit or itemized deduction.

BOX (7) Foreign Country or U.S. Possession: The country or possession name for a Trust reporting an amount in Box 6. Trusts with various foreign country securities in their portfolio will show "Various" in this box.

BOX(8) Cash Liquidation Distributions: **RICS** - The individual's **entire** termination distribution if the RIC Trust has **matured** during the year, or Cash In Lieu of fractional shares as a result of an In-Kind redemption. **Taxable Grantors** - reports the cash liquidation distribution received by the Trust from an equity security.

BOX (9) Non-Cash Liquidation Distributions: **RICS** - The fair market value of the securities resulting from an In-Kind redemption. Taxable Grantors - the non-cash liquidation distribution received by the Trust from an equity security.

BOX (10) Exempt Interest Dividend: **RICS** - The portion of the income and principal from the underlying securities that has been determined to be tax exempt interest. **Taxable Grantors** – the portion of any exempt interest dividends from a mutual fund or other regulated investment company included in the UIT portfolio.

BOX (11) Specified Private Activity Bond Interest Dividends : The portion of the tax exempt interest dividends from Box 10 that is from Qualified Private Activity Bonds, which is required to be reported for AMT purposes.

FORM 1099-INT: DETAIL FOR INTEREST INCOME -

Form 1099-INT reports INTEREST INCOME received by **Taxable** and **Tax-Exempt Grantors** that contain tax-exempt debt securities in their portfolios. Due to additional boxes on the 1099-DIV, **RICs** will not generate this page.

FORM 1099-INT:

BOX (1) INTEREST INCOME (Grantors Only): Taxable Interest Income includes:

- Customer's pro-rata share of the taxable income received by the Trust during the year;
- Any accrued interest received from a redemption or maturity/rollover;
- Interest applied to pay expenses (which will also appear on the Supplemental Information Page). The above may be retained.
- See also the discussion of Timing differences (positive or negative) which result in differences between amounts reported and amounts received by investors.

BOX (4) FEDERAL INCOME TAX WITHHELD: Reflects 28% federal backup withholding or 30% Federal backup withholding for uncertified NRAs tax withheld during the year on reportable interest.

BOX (5) INVESTMENT EXPENSES (Grantors Only): Reporting firms may report this as supplemental information for Grantor trusts.

BOX (8) TAX EXEMPT INTEREST: This is the amount of **tax-exempt interest income** from the underlying municipal securities in the Trust. Grantors will include these items in this box:

- Customer's pro-rata share of the tax exempt interest received by the UIT during the year.
- Accrued tax-exempt interest paid on Redemption or Maturity/Rollover.
- Tax-exempt interest applied to pay expenses - This amount should be separated out for reporting purposes.
- Timing differences (positive or negative) may result in differences between amounts reported and amounts received by investors.

BOX (9) AMT – TAX EXEMPT INTEREST: This box reports that portion of the interest from Box 8 that is subject to the alternative minimum tax.

BOX (10) TAX EXEMPT BOND CUSIP NO.: Will only appear if there is an amount in Box 8.

FORM 1099-B: PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSCATIONS -

Investors will receive a Form 1099-B or its substitute page if any of the following transactions occur as described below:

- **PRINCIPAL RETURN - (Distribution-Based Grantors):** Reflects the investor's portion of the Principal distribution resulting from the removal of portfolio securities from the UIT.
- **UNIT REDEMPTION - (Receipt and Distribution-Based Grantors and RICs):** Reflects the Gross Proceeds resulting from the redemption of units.
- **TRUST MATURITY - (Receipt and Distribution-Based Grantors):** Reflects the investor's portion of the final distribution resulting from the termination of the UIT. Maturity proceeds are reportable in the year the Trust matures/terminates.
- **REPORTABLE SALES - (Receipt-Based Grantors):** Reflects the Principal portion of all Reportable Sales.

FORM 1099-B:

BOX (1c) Date Sold or Disposed: For Distribution Based Funds – principal distributions will be reported as of the **Payable Date** of the payment. For Receipt Based Funds – reportable sales will be reported as of the **Ex-Date/Trade Date**. The principal portion of Maturities will be reported as of the **Record Date** of the Maturity. The principal portion of Redemptions is reported as of the **Trade Date** of the transaction.

CUSIP Number: Identification number of the fund as assigned by the Committee on Uniform Security Identification Procedures.

BOX (1d) Proceeds: For Grantors, this reports the return of principal, the principal portion of Redemptions, and the principal portion of Maturities/Rollovers. For Regulated Investment Companies (RICs), this reports the gross Income and Principal from **Redemptions**. Note: There may be multiple dates showing Reportable Sales which generate Gross Proceeds from the Trust that may be distributed in a single payment to investors on the Trust payable date.

BOX (4) Federal Income Tax Withheld: Reflects 28% federal backup withholding, or 30% Federal backup withholding for uncertified NRAs' tax withheld during the year on reportable interest.

FORM 1099-OID

Form 1099-OID is used to report taxable income accrual on Original Issue Discount securities. An original issue discount security is a bond issued at a price below par. At maturity, the holder receives the full stated redemption value. The 1099-OID is only produced for trusts that are organized as Grantors.

FORM 1099-OID:

BOX (1) Original Issue Discount for Tax Year: The sum of the daily OID accrual income based on the actual holding period of the investor during the year.

BOX (4) Federal Income Tax Withheld: Reflects 28% federal backup withholding, or 30% Federal backup withholding for uncertified NRAs' tax withheld during the year on reportable interest.

BOX (5) Market Discount.: The difference between the purchase price of a bond/security and its stated redemption at maturity.

BOX (8) Original Issue Discount on U.S. Treasury Obligations: The sum of the daily OID accrual income on **Treasury** OIDs, based on the actual holding period of the individual customer during the course of the year.

Supplemental Reporting Information

As each reporting firm has their own statement formatting, the following information may be provided to the investor in a variety of formats to assist in their individual tax reporting:

Gross Foreign Source Income: represents the portion of income the trust received from foreign securities, which is included in Box1a on the Form 1099-DIV, or its substitute, and is broken out to appear by itself in this box.

Trust Expense – Grantors: the portion of taxable income received by the trust that is used to pay trust expenses. This box reflects the investor's pro-rata share of trust expenses.

Cost Basis Factor: This factor is provided to enable the investor to adjust their Cost Basis with each security sale.

Percentage of Collectibles Value of NAV: Provided to enable the investor to correctly calculate their gains/losses on the "collectibles" portion of trust assets. Necessary for the calculation of Long Term Gain or Loss on the commodities/collectibles portion of the trust assets which is taxed at 28% (unless that investor is subject to tax at lower brackets).

2017 Reporting Changes

Please see IRS Publication 1220 for further information http://www.irs.gov/pub/irs-pdf/p1220.pdf

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UNIT INVESTMENT TRUST
Frequently Asked Questions - Reporting

ANSWERS TO COMMONLY ASKED QUESTIONS

Q: *How do you calculate the Factors?*

A: The Trust's Financial Reporting group, along with external tax accountants, utilizes governmental guidelines to create the Factors. These Factors will be used in the calculations on your tax forms.

Q: *What does it mean for my trust to be structured as a RIC versus a Grantor?*

A: Your UIT is structured in one of these ways to determine its taxability. RIC trusts are organized as an investment company; as such the formulas used to calculate the results appearing in the tax form boxes include the Reclassification of your Interest and Principal distributions. If your UIT is a Grantor trust, you are considered a proportionate owner in the underlying assets of the trust. As such, you are responsible for your portion of the trust's expenses, which will appear on your tax form. Timing Differences (differing payment schedules of the trust's underlying assets) will affect the results appearing on your tax form.

Q: *How do I know if I incurred a capital gain or loss on the principal distributions reported on the "Proceeds from Broker and Barter Exchange Transactions" page (Form 1099-B) and how do I calculate my gain or loss?*

A: You should speak with a qualified tax professional or the IRS to determine how to reconcile the amounts on your tax return.

Q: *Why are the "Total Ordinary Dividends" boxes on my "Detail for Dividends and Distributions" page (Form 1099 DIV) more than the total income distributions I received during the year?*

A: In RICs, this usually occurs because the tax accountants of the Fund determine that some of the principal distributions you received during the year were actually a short-term capital gain. The IRS requires that short-term capital gains be reported as ordinary dividends; therefore, part of the principal is reported in Box (1a). For a Grantor, this discrepancy is attributable to expenses or timing differences where the Trust received funds in the reporting year, but will not distribute them until the following year.

Q: *Why doesn't the "Non-Dividend Distributions" on my "Detail for Dividends and Distributions" page (Form 1099 DIV) match the principal amounts received?*

A: For a RIC, the principal distributions you receive during the year are paid from the capital account of the Trust. At the end of the year, the tax accountants of the Fund determine what portion of the distributions paid represents a short term capital gain, long-term capital gain and a return of original capital. Only the portion that is a return of original capital is reported as a "Non Dividend Distribution" (Box 3). Long-term capital gains are reported as "Total Capital Gain Distributions" (Box 2a), and short-term capital gains are reported as "Total Ordinary Dividends" (Box 1a).

Q: *Why doesn't the "Cash Liquidating Distributions" box on my "Detail for Dividends and Distributions" page (Form 1099 DIV) match the final maturity proceeds I received?*

A: When a RIC Trust terminates, the remaining securities were sold. The portion that was considered a profit is reported as a capital gain; consequently, some of your proceeds were reclassified in Box (2a), "Total Capital Gain Distributions".

Q: *Why aren't capital gains designated during the year when the principal distributions are paid (Why don't you "reclassify" during the year)?*

A: In a RIC Trust, when bonds are removed from the portfolio and principal distributions are made, some transactions may result in a gain, others may result in a loss. Since gains and losses offset each other, the tax accountants of the Trust can only determine what the final calculations will be after taking into account all transactions that occurred between January 1 and December 31.

Q: *Why is the "Interest Income" box on my "Detail for Interest Income" page (Form 1099 INT) greater than my monthly distributions?*

A: For a Grantor, Box 1, "Interest Income", represents your portion of the total interest income received by the Trust during the year, before deducting expenses. These expenses are deducted before making distributions to you, so they do not reflect on your statements. In addition, the IRS requires that interest be taxed when it is received by the Trust, not when it is distributed to investors. The Trust may have collected income that was not distributed during the tax year.

Additionally, if you redeemed your units during the year, or if the Trust matured, the interest portion of your check will be included in Box 1. The principal portion is reported on the "Proceeds from Broker and Barter Exchange Transactions" page (Form 1099-B).

Q: *I received a "Detail for Original Issue Discount" page (Form 1099 OID), but the amount in Box (1) ORIGINAL ISSUE DISCOUNT FOR the reporting year, was never distributed to me. Why?*

A: The "Detail for Original Issue Discount" page (Form 1099-OID) is used to report income on Original Issue Discount securities (i.e. zero coupon securities), which defer payment of income until the security matures. For tax purposes, the securities accrue income on a daily basis which is reportable as income on the "Detail for Original Issue Discount" page (Form 1099 OID).

Q: *I must file an Intangible Tax in my State. How can I determine the value of my Trust at year-end?*

A: Your Trustee's Annual Report will list the year-end price (per unit) under the section titled "YEAR END VALUE (PER UNIT)". In addition, we can give this to you now based on our UIT price screen. Multiply this by the number of units you own. If you own a tax-exempt grantor trust it will also be listed on your Year-End Statement.

Q: *What is the Trustee's Annual Report? Does any information on it need to be reported to the IRS?*

A: The Trustee's Annual Report is an accounting statement fulfilling reporting requirements of the entire investment fund. Account balances and activities contained in the report refer to positions held by the investment fund itself, not to individual UIT accounts.

The Trustee's Annual Report is generated to outline the performance of the overall fund for the past year. It does not reflect your own personal account information. It is provided to customers for their own use. However, in the "Statement of Interest" section, the percentage of interest collected from bonds issued in the listed states or U.S. territories is provided. These figures are important for the investors that live in those states represented on the report which impose state taxes. In addition, the Year-End Value (multiplied by the number of units you own) may be required if you have to file an Intangible Tax.

Q: *How should I report the information sent to me on the various tax forms I have received?*

A: Completion of tax returns is a complex and intricate process, which demands a detailed knowledge of IRS regulations as well as a thorough understanding of an individual taxpayer's tax situation. Given this, we ask that all questions concerning the completion of individual or corporate tax returns be directed to the IRS or a tax professional.

Q: *During the year, I opted to take part in a "rollover" transaction. Are there any tax consequences involved with this transaction?*

A: Taking part in a rollover transaction is a "reportable" event. For a Grantor, a "Proceeds from Broker and Barter Exchange Transactions" page (Form 1099-B) will be issued to all rollover participants, reporting the final proceeds generated from the redemption or termination of the trust. For a RIC, a "Detail for Dividends and Distributions" page (Form 1099-DIV) will be issued. We suggest that you contact a qualified tax advisor regarding the treatment of these proceeds on your individual tax return as well as changes to your cost basis with respect to your new trust.

Q: *What is qualified dividend income (QDI) and how do I find out how much qualified dividend income I received from my portfolio?*

A: Generally, these are dividends your portfolio received from domestic and certain foreign corporations. These dividends are eligible for a lower tax rate than other ordinary income and are generally reported in Box 1b on the "Detail for Dividends and Distributions" page. We suggest you contact a qualified tax professional.

Q: *I requested that my units of my equity-based UIT be redeemed "in-kind". The component shares are now held in my brokerage account. How do I calculate my cost basis?*

A: The calculation of cost basis for a trust organized as a RIC, even if you take an in-kind redemption, must be done on the trust level. The basis for your new underlying securities is determined as of the day that the in-kind redemption is processed.

For a Grantor, you do not need to calculate a cost basis until you sell some or all of those shares received from the in-kind. To calculate the cost basis you will need to determine the price of each share as of the date(s) that you purchased your units and compare the prices to your sell price. Please note that corporate actions, such as stock splits, may have to be factored into your calculation to determine any gain or loss. Accordingly, we recommend that you consult with a qualified tax advisor or accountant familiar with your individual circumstances to determine the best method that you should use.

For brokers and CPAs an In-Kind Cost Basis can be provided that will display all of the original per share prices of the underlying stocks as of the day the units were originally purchased.

Q: *I am a holder in a tax exempt municipal trust, organized as a RIC, why are some of my distributions considered taxable?*

A: A Regulated Investment Company (RIC) must distribute taxable income but are not required to distribute tax exempt income. Tax exempt income distributions made by the trust can be reclassified to ordinary dividends or capital gains if the trust generated market discount or had net short or long term capital gains by the end of the year.

In certain situations, the tax law requires that all or some of the distributions from the trusts be treated as taxable ordinary dividends by its investors. This may arise where the Trust has realized net short-term capital gains, has sold bonds originally purchased with market discount at a gain, or (in certain situations) where total annual distributions have exceeded its net tax-free income.

Q: *Why did I receive a Return of Capital on my Fixed Income Trust?*

A: Income distributions from the Fixed Income Trusts are determined under the terms set forth in the indenture (and described in the prospectus) and the distributions are paid on the dates specified in the indenture and prospectus. The distribution amount is calculated on the basis of a daily accrual of an estimated net annual income which the Trustee computes by subtracting estimated expenses for the year from an estimate of the income to be received on the Trust securities. The timing of the Trust's receipt of interest is determined by the interest payment dates for the bonds held in the Trust portfolio and, if the interest on hand on a distribution date is less than the amount required to make the calculated distribution, the Trustee advances funds sufficient to make the payment and is repaid when interest is later received by the Trust. In the first year of a Trust, the distributions made may exceed the interest received. The interest received during the year is the basis for the Trust's income for tax purposes. The amount by which the distributions made during the year exceed the Trust's income for the year is a return of capital to the investors of the Trust.

Q: *What causes the Special Year End RIC Principal Distributions? How will it show up on the Consolidated Statements? How will these distributions be taxed?*

A: The Special Year End RIC Principal Distributions are distributions made to avoid excise tax. Trusts that are making these distributions have accumulated large amounts of capital gains. This is due to the trusts depositing when the market was at a low level. When the prices of the trusts increased, the redemption activity also increased. As a result the trusts needed to sell securities to cover the redemptions. Securities are sold pro rata to pay for redemptions (as well as securities being sold to cover expenses such as creation and development and DSC). Since the securities were sold at higher prices than the original purchases, capital gains were created which needed to be distributed to avoid excise tax. The short term capital gains will be reported as ordinary income on the Consolidated Statements.

Q: *What are the mechanics of RIC reporting on a RIC that holds another RIC?*

A: Some UITs invest in closed ended funds (or another RIC) that may, and frequently do, reclassify income dividends to capital gains and/or return of capital, after the year end. The income reclassifications of an underlying RIC are taken into account in calculations of the tax factors for UITs and the trust income is reclassified accordingly.

Q: *Why do I need to know about "Foreign Tax Paid" and "Gross Foreign Tax Income"?*

A: "Foreign Tax Paid" refers to taxes already paid by the UIT to a foreign country. "Gross Foreign Source Income" refers to the income received by the UIT from foreign securities. You could use this information to apply for a Foreign Tax Credit or to take an Itemized Deduction - please see your tax advisor.

Q: *I am subject to AMT (Alternative Minimum Tax), where can I find the Interest that I am required to report?*

A: See Box 9 "Specified Private Activity Bond Interest" on the 1099-INT and Box 11 "Specified Private Activity Bond Interest Dividends" on the Form 1099-DIV.

Q: *What are "Collectibles" and why is that information segregated on my tax statements?*

A: The IRS categorizes items like precious metals, valuable art, coins, antiques, etc. as "Collectibles" and/or "Commodities" and as such imposes a 28% Cap Gains rate upon their sale. Several UIT portfolios contain Collectibles/Commodities.

Since sales of the underlying Collectibles generate the 28% Cap Gains tax rate, which differs from your income tax rate, the information is segregated on the tax statements so that you can more accurately compute your tax liability. Please see Box 2d "Collectibles (28%) Gain" on the 1099-DIV and "Percentage of Collectibles Value of NAV" on the 1099-B.

Please contact a qualified tax professional for further questions.

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