DIAMONDS TRUST SERIES I
Form 497
March 04, 2009

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Registration File No. 333-31247

PROSPECTUS DATED MARCH 2, 2009

DIAMONDS® TRUST, SERIES 1

(A Unit Investment Trust constituted outside Singapore and organized in the United States)

PROSPECTUS ISSUED PURSUANT TO DIVISION 2 OF PART XIII OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE

This Prospectus incorporates the prospectus dated February 27, 2009 issued by the DIAMONDS® Trust, Series 1 attached hereto

The collective investment scheme offered in this Prospectus is a recognised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the Act). A copy of the Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the Authority). The Authority assumes no responsibility for the contents of the Prospectus. Registration of this Prospectus by the Authority does not imply that the Act or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the collective investment scheme. The date of registration of this Prospectus with the Authority is March 2, 2009. This Prospectus will expire on March 2, 2010 (12 months after the date of registration).

The DIAMONDS Trust, Series 1 has been admitted to the Official List of the Singapore Exchange Securities Trading Limited (SGX-ST), and permission has been granted by the SGX-ST to deal in and for quotation on the SGX-XTRANET of all the DIAMONDS already issued as well as those DIAMONDS which may be issued from time to time. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the DIAMONDS Trust, Series 1 or the DIAMONDS.

DIAMONDS TRUST, SERIES 1

PROSPECTUS

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Dow Jones Industrial Average[SM], DJIA®, Dow Jones®, The Dow® and DIAMONDS® are trademarks and service marks of Dow Jones & Company, Inc. (Dow Jones) and have been licensed for use for certain purposes by State Street Global Markets, LLC pursuant to a License Agreement with Dow Jones and have been sublicensed for use for certain purposes to the Trust and PDR Services LLC pursuant to separate Sublicenses. DIAMONDS are not sponsored, endorsed, sold or promoted by Dow Jones and Dow Jones makes no representation regarding the advisability of investing in the Trust.

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DIAMONDS TRUST, SERIES 1

This Prospectus, relating to the DIAMONDS Trust, Series 1 (Trust), which is issued pursuant to Division 2 of Part XIII of the Act, has been lodged with and registered by the Authority who assumes no responsibility for its contents.

This Prospectus incorporates the attached prospectus dated February 27, 2009 issued by the Trust (US Prospectus). Terms defined in the US Prospectus shall have the same meaning when used in this Prospectus.

The Trust is a unit investment trust organized in the United States (US), a single fund that issues securities called DIAMONDS, which represent an undivided ownership interest in the portfolio of stocks held by the Trust. DIAMONDS intend to provide investment results that, before expenses, generally correspond to the price and yield performance of the Dow Jones Industrial Average^{SM} (DJIA). The Trust s portfolio consists of substantially all of the component common stocks which comprise the DJIA and are weighted in accordance with the terms of the Trust Agreement (defined below). For additional details regarding the Trust s portfolio, please consult pages 40 to 44 in the US Prospectus attached hereto. All DIAMONDS are denominated in US dollars.

PDR Services LLC (Sponsor), the sponsor of the Trust, accepts full responsibility for the accuracy of information contained in this Prospectus, other than that given in the US Prospectus under the heading Report of Independent Registered Public Accounting Firm and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and there are no other facts the omission of which would make any statement in this Prospectus misleading.

The Trust is governed by a trust agreement (Trust Agreement) between State Street Bank and Trust Company (Trustee), the trustee of the Trust, and the Sponsor dated and effective as of January 13, 1998, as amended. Terms defined in the Trust Agreement shall have the same meaning when used in this Prospectus.

Copies of the Trust Agreement are available for inspection, free of charge, at the offices of State Street Bank and Trust Company at One Lincoln Street, Boston, Massachusetts, US 02111, or State Street Global Advisors Singapore Limited, at 168 Robinson Road, #33-01, Capital Tower, Singapore 068912[1], during normal Singapore business hours.

Investors should seek professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the

[1] State Street Global Advisors Singapore Limited will hold copies of the Trust Agreement for inspection by investors; however, it is not in any way acting as an agent for or acting as the Trustee.

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countries of their citizenship, residence or domicile and which may be relevant to the subscription, holding or disposal of DIAMONDS.

Investors in the Trust are advised to carefully consider the risk factors set out under the heading RISK FACTORS on pages 11 to 14 of the US Prospectus, and to refer to pages S-16 to S-19 of this Prospectus for a discussion of the US and Singapore tax consequences of an investment in DIAMONDS.

ENQUIRIES

All enquiries about the Trust or requests for additional copies of this Prospectus should be directed to an investor s local broker.

IMPORTANT: READ AND RETAIN THIS PROSPECTUS FOR FUTURE REFERENCE

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CORPORATE INFORMATION

Sponsor to the Trust:	PDR Services LLC c/o NYSE Euronext 11 Wall Street New York, New York US 10005
Legal advisers to the Sponsor as to US law:	Katten Muchin Rosenman LLP 575 Madison Avenue New York, New York US 10022
Legal advisers to the Sponsor as to Singapore law:	Stamford Law Corporation 9 Raffles Place, #32-00 Republic Plaza, Singapore 048619 Singapore
Trustee:	State Street Bank and Trust Company One Lincoln Street Boston, Massachusetts US 02111
Legal advisers to the Trustee as to Singapore law:	Allen & Gledhill LLP One Marina Boulevard, #28-00 Singapore 018989 Singapore
Independent Registered Public Accounting Firm:	PricewaterhouseCoopers LLP 125 High Street Boston, Massachusetts US 02110
US Distributor of Creation Units:	ALPS Distributors, Inc. (formerly ALPS Mutual Funds Services, Inc.) 1290 Broadway, Suite 1100 Denver, Colorado US 80203

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TRADING AND SETTLEMENT

DIAMONDS are listed for trading under the market symbol DIA on the SGX-ST where they may be bought and sold in the secondary market at any time during the trading day. Market prices for DIAMONDS traded on the SGX-ST are available on the SGX-ST website *(http://www.sgx.com/psv/securities/etf/ETF_Equities_US_Prices.asp).* DIAMONDS may also be purchased by Authorized Participants directly from the Trust in the US by placing orders through the US Distributor in a minimum unit, called a Creation Unit, of 50,000 DIAMONDS or multiples thereof. Creation Units may also be redeemed through a tender to the Trustee in the US. All Creation Unit purchases and redemptions are made in kind only in the US, that is, through the delivery or receipt of a specified portfolio of securities. Such purchases and redemptions can be made only in the US at the then-current valuation as described herein on page S-11 under the heading Redemption . For additional details on trading and settlement, please consult pages 4 to 6 and 30 to 39 in the US Prospectus attached hereto.

The primary trading market for DIAMONDS is in the US, where DIAMONDS are listed on NYSE Arca, Inc. (NYSE Arca). Investors should note that trading in DIAMONDS may be halted under certain circumstances. Please refer to page 50 of the US Prospectus.

As with other securities, investors will pay negotiated brokerage commissions and typical Singapore clearing fees and applicable taxes. In addition, cash dividends to be distributed to investors in Singapore will be net of expenses incurred by CDP (defined below), and where such expenses exceed the amount of the dividends, the investors will not receive any distributions. Brokerage commissions may be subject to Goods and Services Tax (GST) at the prevailing standard rate of seven percent (7%). There will be a Singapore clearing fee, which is currently at the rate of 0.04% of the transacted value (up to a maximum of SGD600 per transaction or its equivalent in foreign currencies). Clearing fees may be subject to GST in Singapore at the prevailing standard rate of seven percent (7%). DIAMONDS are traded in US dollars on the SGX-ST in 10 unit round lots.

The term market day as used in this Prospectus means a business day in which transactions in DIAMONDS can be executed and settled. Trading of DIAMONDS on the SGX-ST may be halted if the Trust fails to comply with continuing listing requirements and advertising guidelines of the SGX-ST.

With respect to holders of DIAMONDS in Singapore, the trading and settlement process, the system through which they receive distributions or the manner in which information may be made available, among other aspects, may differ from the information set forth in the US Prospectus. Holders of DIAMONDS in Singapore should read this Prospectus carefully and all enquiries in relation hereto should be directed to their local brokers.

1. *General*

DIAMONDS are issued by the Trust in the form of scripless securities which are eligible book-entry-only securities of The Depository Trust Company (DTC). As

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book-entry-only securities, DIAMONDS are represented as global securities on the DTC system and are registered in the name of Cede & Co. as nominee for DTC and deposited with, or on behalf of, DTC.

The Central Depository (Pte) Limited (CDP) has entered into linking agreements with the National Securities Clearing Corporation (NSCC), by which CDP has access to DTC s depository and custodial services for subdepositing US securities. CDP, through such linking agreements, has an account sponsored by NSCC which is known as Sponsored Account No. 5700 (Sponsored Account), and is recognized by NSCC as a record owner for DIAMONDS credited to the Sponsored Account. CDP through the linking agreements may receive DIAMONDS from or deliver DIAMONDS to accounts maintained by member participants in DTC (DTC Participants).

Settlement of dealings through the CDP system may be effected only by Depository Agents of CDP or holders of DIAMONDS who have their own direct securities accounts with CDP. Investors may open a direct securities account with CDP or a securities sub-account with any Depository Agent to hold their DIAMONDS in CDP. The term Depository Agent shall have the same meaning as that ascribed to it in section 130A of the Companies Act, Chapter 50 of Singapore.

Through the delivery mechanisms discussed below, it is possible for investors to purchase DIAMONDS in Singapore and sell them in the US and vice versa. Although both CDP and DTC, within their own respective market settlements, provide for Delivery Versus Payment and Free-of-Payment transfers of securities, all of the linked transfers between the two depositories are effected only on a Free-of-Payment basis (*i.e.*, there is no related cash movement to parallel the securities movement. Any related cash transfers may only be effected outside DTC and CDP directly between the buyer and seller through their own arrangements). Investors should be aware that Singapore time is generally 12 hours ahead of Eastern Day Light Savings time (13 hours Eastern Standard time) in New York, and that NYSE Arca and the SGX-ST are not open at the same time. Because of this time difference between the Singapore and US markets, trading in DIAMONDS between the two markets cannot simultaneously occur.

All dealings in, and transactions of, DIAMONDS in Singapore must be effected for settlement through the computerised book-entry (scripless) settlement system in CDP. Investors should ensure that DIAMONDS sold on the SGX-ST are available for settlement in their CDP account no later than the third market day following the transaction date.

Investors holdings of DIAMONDS in their CDP account will be credited or debited for settlement on the third market day following the transaction date. A transaction will fail if DIAMONDS are not in an investor s CDP account for settlement on such day, and will be subject to the buy-in cycle on the fourth market day following the transaction date.

In the absence of unforeseen circumstances, the delivery of DIAMONDS into and out of CDP will take a minimum of one market day after the duly completed documentation has been submitted to CDP for processing, assuming that the investor has

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given proper instructions to his or her DTC Participant. Instructions and forms received by CDP after 10 a.m. Singapore time on a given market day will be treated as being received on the next market day and, as such, will be processed on the next market day.

2. *Delivery of DIAMONDS to CDP for Trading on the SGX-ST*

Investors who hold DIAMONDS in DTC s system in the US and wish to trade them on the SGX-ST can direct delivery of the DIAMONDS to CDP; this book-entry transfer to CDP s Sponsored Account at DTC may be effected only on a Free-of-Payment basis, and is subject to special procedures that will help to identify the relevant CDP Depository Agent. Investors may deliver their DIAMONDS by informing their Singapore broker or Depository Agent to submit delivery instructions to CDP, together with the applicable CDP delivery fee and GST, no later than 10 a.m. Singapore time on the specified delivery date. Investors must concurrently instruct their DTC Participant to deliver such DIAMONDS into the Sponsored Account on the delivery date. Upon notification that its Sponsored Account has been credited, CDP will accordingly credit DIAMONDS to the investor s account.

Investors should ensure that their DIAMONDS are delivered into their securities account with CDP in time for settlement. In the event an investor cannot deliver DIAMONDS for settlement pursuant to the trade, the SGX-ST may buy-in against him or her.

3. *Delivery of DIAMONDS out of CDP for Trading on NYSE Arca*

(a) Investors who hold DIAMONDS with CDP and wish to trade on NYSE Arca must arrange to deliver the DIAMONDS into their accounts with their DTC Participant for settlement of any such trade, which will occur on the third market day following the transaction date. For such delivery, investors must submit a duly completed CDP delivery form together with the applicable CDP delivery fee and GST through their Singapore broker or Depository Agent, no later than 10 a.m. Singapore time on the third market day following the specified delivery date in the US. Investors must concurrently instruct their DTC Participant to expect receipt of the relevant number of DIAMONDS from the Sponsored Account. Upon receipt of the duly completed CDP delivery form, CDP will debit the investor s securities account for the relevant number of DIAMONDS and then instruct DTC to deliver the DIAMONDS to the DTC Participant account as specified by the investor.

(b) An investor who buys DIAMONDS on the SGX-ST and sells on NYSE Arca on the same day must instruct CDP to deliver the DIAMONDS to his or her DTC Participant account no later than 10 a.m. Singapore time on the US settlement date PROVIDED that the investor is a sub-account holder of CDP s Depository Agent and the purchase on the SGX-ST is tagged as a Delivery Versus Payment (DVP) settlement. The Depository Agent of the investor must send an instruction to deliver the relevant number of DIAMONDS from its sub-account to CDP via CDP s SGX Prime-PSMS no later than 10 a.m. Singapore time on the US settlement date. Upon affirming the delivery instruction, CDP will instruct DTC to deliver DIAMONDS from the Sponsored Account to the DTC Participant account as specified by the investor.

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EXCHANGE RATES AND RISKS

DIAMONDS traded on the SGX-ST are denominated and traded in US dollars. DIAMONDS may only be created or redeemed in US dollars at the then-current value calculated in US dollars in the manner set out in the US Prospectus. Similarly, the Trust holds only Portfolio Securities that are denominated in US dollars and the distributions which may be made by the Trustee are in US dollars.

The Trust has no ability to manage its investments to hedge against fluctuations in exchange rates between the US dollar and the Singapore dollar. To the extent a Singapore investor wishes to convert such US dollar holdings or distributions to Singapore dollars, fluctuations in the exchange rate between the Singapore dollar and the US dollar may affect the value of the proceeds following a currency conversion.

GENERAL AND STATUTORY INFORMATION

1. *Appointment of Auditors*

The Trust Agreement provides that the accounts of the Trust shall be audited, as required by US law, by independent certified public accountants designated from time to time by the Trustee.

2. *Duties and Obligations of the Trustee*

The key duties and obligations imposed on the Trustee under the Trust Agreement are summarized as follows:

(i) the Trustee will accept on behalf of the Trust deposits of Portfolio Deposits and be authorized to effect registration or transfer of the Portfolio Securities in its name or the name of its nominee or the nominee of its agent;

(ii) the Trustee must hold money received pursuant to the Trust Agreement as a deposit for the account of the Trust;

(iii) the Trustee shall not be liable for the disposition of money or securities or evaluation performed under the Trust Agreement except by reason of its own gross negligence, bad faith, wilful misconduct, wilful malfeasance or reckless disregard of its duties and obligations under the Trust Agreement;

(iv) the Trustee is not obligated to appear in, prosecute or defend any action if it is of the opinion that it may involve it in expense or liability unless it is furnished with reasonable security and indemnity against such expense or liability; if reasonable indemnity is provided, the Trustee shall, in its discretion, undertake such action as it may deem necessary to protect the Trust and the rights and interest of all beneficial owners;

(v) the Trustee must provide to brokers/underwriters accounts of the Trust audited by the auditors of the Trust, and the brokers/ underwriters will deliver such accounts to beneficial owners;

(vi) in performing its functions under the Trust Agreement the Trustee will not be held liable except by reason of its own gross negligence, bad faith, wilful misconduct or wilful malfeasance 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 on it or reckless disregard of its duties and obligations;

(vii) the Trustee must ensure that no payment made to the Sponsor is for expenses of the Trust, except for payments not in excess of amounts and for purposes prescribed by the US Securities and Exchange Commission and authorized by the Trust Agreement;

(viii) the Trustee must keep proper books of record and account of all transactions under the Trust Agreement, including the creation and redemption of Creation Units, at its offices, and keep such books open for inspection by any beneficial owner at all reasonable times during usual business hours;

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(ix) the Trustee must make, or cause to be made, such reports and file such documents as are required by the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940 and US state or federal tax laws and regulations;

(x) the Trustee must keep a certified copy of the Trust Agreement, together with the Indenture for each Trust Series then in effect and a current list of Portfolio Securities therein, on file at its office and make the same available for inspection; and

(xi) the Trustee must charge and direct from the assets of the Trust all expenses and disbursements incurred under the Trust Agreement, or shall reimburse itself from the assets of the Trust or the sale of securities in the Trust for any advances made out of its own funds for such expenses and disbursements.

3. ***Contracts***

A holder of DIAMONDS is not required, obliged or entitled in connection with the Trust to enter into any contract with any person or corporation whether by way of lease or otherwise.

4. ***Vesting of Assets in the Trust***

The Trustee has legal title to all securities and other property in which funds of the Trust are invested, all funds held for such investment, all equalisation, redemption, and other special funds of the Trust, and all income upon accretions to, and proceeds of such property and funds, and the Trustee is required to segregate and hold the same in trust until distribution thereof to the holders of DIAMONDS.

5. ***Redemption***

The Trust is not administered by a management company, and there is no obligation on the Sponsor or the Trustee to redeem any DIAMONDS. As described on pages 36 to 39 in the US Prospectus, it is the Trust itself that is obligated to effect the redemption (although it is the Trustee acting as agent for the Trust that will actually effect the redemption).

Only DIAMONDS in Creation Units may be redeemed at their then-current valuation which is calculated on the Business Day on which the redemption order is properly received, as of the Evaluation Time which is the closing time of the regular trading session on the New York Stock Exchange, LLC. Please refer to pages 1, 36 to 39 and 60 of the US Prospectus for a further description of this process.

Investors owning DIAMONDS in an amount less than a whole Creation Unit (i.e. less than 50,000 DIAMONDS) or multiples thereof, are not permitted to tender their DIAMONDS to the Trustee for redemption. Such investors can only dispose of their DIAMONDS by selling them on the secondary market at any time during the trading day at market prices.

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6. ***Transfer of DIAMONDS***

As described on pages S-6 to S-7 of this Prospectus, Cede & Co., as nominee for DTC, will be the registered owner of all outstanding DIAMONDS on the DTC system. Beneficial ownership of DIAMONDS will be shown on the records of DTC or its participants. Beneficial ownership records for holders of DIAMONDS in Singapore will be maintained at CDP.

No certificates will be issued in respect of DIAMONDS. Transfers of DIAMONDS between investors will normally occur through the trading mechanism of the SGX-ST or NYSE Arca as described on pages S-6 to S-8 in this Prospectus and on pages 34 to 36 of the US Prospectus.

7. ***Meetings of Holders of DIAMONDS; Voting; Distribution of Annual Reports***

The Trust is not required by law to convene meetings of beneficial owners of DIAMONDS.

The Sponsor, the Trustee and CDP have entered into a Depository Agreement dated May 18, 2001 (CDP Depository Agreement), pursuant to which CDP has agreed to act as the depository for DIAMONDS in Singapore. CDP s duties under the CDP Depository Agreement include, among other things: (i) acting as a bare trustee on behalf of individuals who hold securities accounts with CDP and Depository Agents authorized to maintain sub-accounts with CDP in respect of DIAMONDS, (ii) distributing to CDP account holders and Depository Agents any applicable payments or cash distributions in respect of DIAMONDS, and (iii) providing the list of its Depository Agents and holders of DIAMONDS who have their own direct securities accounts with CDP, if so requested by the Sponsor or the Trustee.

The Trustee arranges for the annual report of the Trust to be mailed to all holders of DIAMONDS, including the holders of DIAMONDS in Singapore, no later than the 60th day after the end of the Trust s fiscal year.

The Sponsor or the Trustee will ensure that in the event that it is necessary to collect and collate any consents or votes of, or distribute notices, statements, reports, prospectuses, consent instructions, consent forms or other written communications to the holders of DIAMONDS in Singapore, the relevant materials will be mailed to the holders of DIAMONDS in Singapore.

8. ***Declaration***

It is hereby declared that no DIAMONDS shall be created or issued pursuant to this Prospectus later than 12 months, or such other period as may be prescribed by the law for the time being in force, after the date of this Prospectus.

9. ***Allotment of DIAMONDS***

A Distribution Agreement, as amended, was entered into as of September 29, 1997 between (1) the Sponsor, (2) the Trust and (3) ALPS Mutual Funds Services, Inc., now

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ALPS Distributors, Inc. (ALPS), the US Distributor, pursuant to which the Trust and the Sponsor retained ALPS to:

(i) act as the exclusive distributor for the creation and distribution of DIAMONDS in aggregations of 50,000 DIAMONDS;

(ii) hold itself available to receive and process orders for Creation Units of DIAMONDS; and

(iii) to enter into arrangements with dealers.

It is the duty of the Trust and the Sponsor to create the aggregations of 50,000 DIAMONDS and to request DTC to record on its books the ownership of such DIAMONDS in such amounts as ALPS has requested, as promptly as practicable after receipt by the Trustee of the requisite portfolio of securities and any applicable cash component from the creator of the Creation Units or other entities having a Participant Agreement with the Trustee. Participant Agreements must be entered into between the Trustee and all other persons who are creating Creation Units.

10. ***Borrowing Powers***

There are no borrowing powers conveyed in the Trust Agreement.

11. ***Sponsor and Trustee***

Sponsor

PDR Services LLC (PDR) was originally organized as a corporation under Delaware US law, and was subsequently converted into a limited liability company in Delaware on April 6, 1998. On October 1, 2008, NYSE Euronext acquired the American Stock Exchange LLC (Amex) and all of its subsidiaries, including PDR, which is the Sponsor of the Trust. PDR was formed in Delaware to act as sponsor for Amex s exchange traded funds and other unit investment trusts. PDR will remain the Sponsor of the Trust until it is removed, it is replaced by a successor, it resigns or the Trust Agreement is terminated. Although the Sponsor is entitled to, it receives no remuneration for the services it renders as Sponsor.

Trustee

State Street Bank and Trust Company is a bank and trust company organized under the laws of the Commonwealth of Massachusetts, US in 1961, the culmination of a series of mergers among 13 predecessors, the oldest of which, Union Bank, was founded in 1792. The Trustee is a wholly owned subsidiary of State Street Corporation, a financial holding company. The Trustee will remain the Trustee of the Trust until it is removed, it resigns or the Trust Agreement is terminated. The remuneration received by the Trustee in its capacity as Trustee of the Trust is described in the US Prospectus and reflected in the financial statements contained therein. Absent gross negligence, bad faith, wilful misconduct or wilful malfeasance on its part or reckless disregard of its duties and obligations under the Trust Agreement, the Trustee shall be indemnified from the Trust and held harmless against any loss, liability or expense incurred arising out of or in connection with the acceptance or administration of the Trust and any action taken in accordance with the provisions of the Trust Agreement.

12. ***Exercise of Voting Rights on Underlying Securities***

The Trustee (rather than the beneficial owners of DIAMONDS) has the right to vote all of the voting stocks in the Trust, as Trustee. It must vote the voting stocks of each issuer in the same proportionate relationship as all other shares of each such issuer to the extent permissible and, if not permitted, abstain from voting. The Trustee shall not be liable to any person for any action or failure to take any action with respect to such voting matters. There are no restrictions on the Trustee s right to vote securities or DIAMONDS when such securities or DIAMONDS are owned by the Trustee in its individual capacity.

13. ***Adjustments to Securities Held by the Trust***

The Trust s portfolio securities are not managed and the Trustee adjusts such securities from time to time to maintain the correspondence between the composition and weightings of the securities held by the Trust and the DJIA.

14. ***Distributions to Beneficial Owners***

The Trustee receives all dividends and other cash distributed with respect to the underlying securities in the Trust (including monies realized by the Trustee from the sale of securities options, warrants or other similar rights received on such securities), and distributes them (less fees, expenses and any applicable taxes) through DTC and the DTC Participants to the beneficial owners of DIAMONDS. A description of the distribution process is contained on pages 60 to 62 of the US Prospectus. These distribution arrangements will be the same for holders of DIAMONDS in Singapore, who will receive their entitlements through CDP. Cash dividends distributed to investors in Singapore will be net of expenses incurred by CDP. Where such expenses exceed the amount of the dividend, investors will not receive any dividend.

15. ***Consents***

PricewaterhouseCoopers LLP, as the independent registered public accounting firm for the Trust, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and reference to, as the case may be, (i) its name and (ii) its report, in the form and context in which it is referred to in this Prospectus. The report referred to in this Prospectus was not prepared by PricewaterhouseCoopers LLP for the purpose of inclusion in this Prospectus.

Katten Muchin Rosenman LLP (as legal advisers to the Sponsor as to US law) has given and has not withdrawn its written consent to the inclusion in this Prospectus or references to its name in the form and context which it appears in this Prospectus.

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16. *Important Tax Information*

A. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material US federal income tax considerations applicable to an investment in DIAMONDS by a Beneficial Owner (as defined in the Prospectus) who has never been nor will ever be a US citizen or resident for US federal income tax purposes or that is a corporation formed outside the US or that is an estate or trust not taxable in the US on its worldwide income without regard to source (each, a Foreign Beneficial Owner). The summary is based on the laws in effect on the date of this Prospectus and existing judicial and administrative interpretations thereof, all of which are subject to change, possibly with retroactive effect. In addition, this summary assumes that Foreign Beneficial Owners hold DIAMONDS as capital assets within the meaning of the US Internal Revenue Code of 1986, as amended (the Code), do not conduct any trade or business in the US, and do not hold DIAMONDS in connection with any trade or business. This summary does not address all potential US federal income tax considerations possibly applicable to an investment in DIAMONDS or to any Foreign Beneficial Owner who or that is (i) treated as a partnership (or other pass-through entity) for US federal income tax purposes, (ii) holding DIAMONDS through a partnership (or other pass-through entity), (iii) present in the US for 183 or more days during any tax year (as determined under special counting rules set forth in the Code) or (iv) otherwise subject to special tax rules. Prospective Foreign Beneficial Owners are urged to consult their own tax advisors with respect to the specific tax consequences of investing in DIAMONDS.

Ordinary Income Dividends.

In general, ordinary income dividends from the Trust (including distributions of net short-term capital gains and other amounts that would not be subject to US withholding tax if paid directly to the Foreign Beneficial Owner) will be subject to US withholding tax at a rate of thirty percent (30%) or at a lower rate established under an applicable tax treaty. However, for Trust tax years beginning on or before December 31, 2009, interest-related dividends and short-term capital gain dividends (*i.e.,* dividends that are derived from the Trust s short-term capital gains over net long-term capital losses) generally will not be subject to withholding tax; provided that the Foreign Beneficial Owner furnishes the Trust with a completed US Internal Revenue Service (IRS) Form W-8BEN (or acceptable substitute documentation) establishing the Foreign Beneficial Owner s status as foreign and that the Trust does not have actual knowledge or reason to know that the Foreign Beneficial Owner would be subject to withholding tax if the Foreign Beneficial Owner were to receive the related amounts directly rather than as dividends from the Trust. There is no income tax treaty between the US and Singapore.

In general, gain on a sale of a DIAMONDS unit will be exempt from federal income tax (including individual Foreign withholding at the source) unless, in the case of an individual Foreign Beneficial Owner, such individual Foreign Beneficial Owner is physically present for 183 days or more during the taxable year and meets certain other requirements.

To claim a credit or refund for any Trust-level taxes on any undistributed long-term capital gains or any taxes collected through back-up withholding, a Foreign Beneficial Owner must obtain a US taxpayer identification number and file a federal income tax return even if the Foreign Beneficial Owner would not otherwise be required to obtain a US taxpayer identification number or file a US income tax return.

Treatment of Capital Gain Distributions and Sales Proceeds

In general, capital gain distributions (*i.e.*, distributions from the excess of net long-term capital gains over net short-term capital losses) and gain on a sale of a DIAMONDS unit will be exempt from US federal income tax (including withholding at the source).

Backup Withholding

The Trust may be required to report certain information on a Foreign Beneficial Owner and withhold federal income tax (known as backup withholding) at a 28% rate from all taxable distributions and redemption proceeds payable to the Foreign Beneficial Owner if the Foreign Beneficial Owner fails to provide the Trust with a correct taxpayer identification or a completed exemption certificate (*e.g.,* in the case of a Foreign Beneficial Owner, an IRS Form W-8BEN) or if the IRS notifies the Trust that the Foreign Beneficial Owner is subject to backup withholding.

Backup withholding is not an additional tax and any amount withheld may be credited against a Foreign Beneficial Owner s US federal income tax liability. The amount of any backup withholding from a payment to a Foreign Beneficial Owner is allowed as a credit against the Foreign Beneficial Owner s US federal income tax liability and may entitle the Foreign Beneficial Owner to a refund of tax upon prompt filing of a valid refund claim.

Information Reporting

In the case of a Foreign Beneficial Owner, the Trust must report to the US Internal Revenue Service and the Foreign Beneficial Owner the amount of dividends, capital gain dividends, interest-related dividends, short-term capital gain dividends or redemption proceeds paid that are subject to withholding (including backup withholding, if any) and the amount of tax withheld, if any, with respect to such amounts. This information may also be made available to the tax authorities in the Foreign Beneficial Owner s country of residence.

B. *CERTAIN SINGAPORE TAX CONSIDERATIONS*

The following is a general description of material Singapore income tax, stamp duty and estate duty consequences of the ownership and disposal of DIAMONDS. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership and disposal of DIAMONDS by a person who, for purposes of taxation in Singapore, is regarded as a Singapore resident taxpayer or otherwise. Prospective investors of DIAMONDS should consult their own tax advisors

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concerning the tax consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as of the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of ownership of the DIAMONDS. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

General

Subject to certain exceptions, Singapore tax resident and non-resident companies are subject to Singapore income tax on income accruing in or derived from Singapore and on foreign income received or deemed received in Singapore.

Foreign-sourced income in the form of branch profits, dividends and service income received or deemed received in Singapore by a resident corporate taxpayer is, however, tax-exempt if:

- such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;

- at the time the income is received in Singapore, the highest rate of corporate income tax on income from a trade or business in the jurisdiction from which the income is received is at least 15%; and

- the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

The above exemption has been extended to include branch profits, dividends and service income which is exempted from tax of a similar character to income tax as a result of tax incentive granted by a foreign jurisdiction for carrying out substantive activities in that foreign jurisdiction.

Resident and non-resident individuals are generally taxed on income arising in or derived from Singapore.

All foreign-sourced personal income received or deemed received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except where such income is received through a partnership) will be exempt from tax in Singapore. Certain investment income derived from Singapore sources by individuals on or after 1 January 2004 will also be exempt from tax.

As announced on January 22, 2009 in the Singapore Budget Statement for the Financial Year ending March 31, 2010, temporary relief measures would be made in respect of the taxation of foreign-sourced income:

- With effect from January 22, 2009, resident non-individuals and resident partners of partnerships in Singapore would be exempted from tax on their remittance of all foreign-sourced income earned/accrued outside Singapore on or before January 21, 2009, if they remit their foreign-sourced income to Singapore during January 22, 2009 to January 21, 2010 (both dates inclusive).

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The conditions that are currently required for foreign-sourced income to be exempted from tax when remitted into Singapore would be temporarily lifted.

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore (for example, if the board of directors meets and makes policy-level decisions in Singapore). An individual is regarded as a tax resident in Singapore for income tax purposes if, in the calendar year preceding the year of assessment, he is physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Tax rates

The corporate tax rate is 18% (reduced from 20% for the Year of Assessment 2007) for the Year of Assessment 2008 (*i.e.* financial year ending in 2007). The corporate tax rate will be reduced by 1 percentage-point to 17% from the Year of Assessment 2010. In addition, three-quarters of the first SGD10,000 of a company s chargeable income, and one-half of the next SGD290,000 (increased from SGD90,000 in the Year of Assessment 2007) of a company s chargeable income is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at the applicable corporate tax rate. The above tax exemption does not apply to normal Singapore franked dividends received by companies.

Notwithstanding the above, a qualifying newly incorporated Singapore company that is a tax resident in Singapore will be eligible for full tax exemption on the first SGD100,000 of its normal chargeable income (other than Singapore taxable dividends) for each of the company s first three Years of Assessment effective from the Year of Assessment 2005. With effect from the Year of Assessment 2008, a further 50% tax exemption is given on the next SGD200,000 of a qualifying company s normal chargeable income (excluding Singapore taxable dividends) for each of the first three consecutive Years of Assessment. The remaining chargeable income (after the tax exemption as described) will be taxed at the applicable corporate tax rate. The qualifying conditions (relating to shareholders) for the tax exemption for new start-up companies will be revised with effect from the Year of Assessment 2009.

Singapore tax resident individuals are subject to tax based on a progressive scale. Since the Year of Assessment 2007 (*i.e.* calendar year 2006), the top marginal rate is 20%.

Income received by non-Singapore resident individuals will generally be taxed at 20% (subject to certain exemptions).

All tax residents in Singapore will be affected by tax rebates and exemptions granted by the Singapore government from time to time in line with its current financial and fiscal policies.

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Ordinary Income Dividends

Dividends paid by the Trust on DIAMONDS received by a Singapore resident individual in Singapore will generally be exempt from tax in Singapore (except where such income is received through a partnership).

Dividends on DIAMONDS received by a Singapore resident company in Singapore will be liable to tax in Singapore at the corporate income tax rate, unless an exemption or concessionary rates are applicable to them.

Gains on Disposal of the DIAMONDS

Singapore does not impose tax on capital gains. However, gains or profits from any trade, business, profession or vocation will be subject to Singapore income tax. Any profits from the disposal of DIAMONDS are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case, such profits would be taxable. In addition, holders of the DIAMONDS who are adopting Financial Reporting Standards 39 (FRS 39) for Singapore income tax purposes may be required to recognise gains or losses, irrespective of disposal, in accordance with FRS 39. Please see the section below on Adoption of FRS 39 treatment for Singapore income tax purposes .

Adoption of FRS 39 treatment for Singapore income tax purposes

On 30 December 2005, the Inland Revenue Authority of Singapore issued a circular entitled Income Tax Implications arising from the adoption of FRS 39-Financial Instruments: Recognition and Measurement (the FRS 39 Circular).

The Income Tax (Amendment) Act 2007 that contains legislative amendments to give effect to the FRS 39 Circular was gazetted on 13 February 2007. The relevant provisions shall be deemed to have come into operation on January 1, 2005 and generally apply, subject to certain opt-out provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the DIAMONDS who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding Singapore income tax consequences.

Stamp Duty

Stamp duty is not applicable to electronic transfers of the DIAMONDS through the CDP system.

Estate Duty

The Singapore government announced on February 15, 2008 that the estate duty would be abolished for deaths occurring on and after February 15, 2008.

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Prospectus

DIAMONDS® TRUST, SERIES 1
(A Unit Investment Trust)

DIAMONDS Trust is an exchange traded fund designed to generally correspond to the price and yield performance of the Dow Jones Industrial Average.

DIAMONDS Trust holds all of the Dow Jones Industrial Average stocks.

Each DIAMONDS unit represents an undivided ownership interest in the DIAMONDS Trust.

The DIAMONDS Trust issues and redeems DIAMONDS units only in multiples of 50,000 DIAMONDS in exchange for Dow Jones Industrial Average stocks and cash.

Individual DIAMONDS units trade on NYSE Arca, Inc. like any other equity security.

Minimum trading unit: 1 DIAMONDS unit.

SPONSOR: PDR SERVICES LLC
(Wholly Owned by NYSE Euronext)

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

Prospectus Dated February 27, 2009

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DIAMONDS TRUST, SERIES 1

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SUMMARY

Essential Information as of October 31, 2008*

Glossary:	All defined terms used in this Prospectus and page numbers on which their definitions appear are listed in the Glossary.
Total Trust Assets:	$9,140,913,992
Net Trust Assets:	$9,114,230,276
Number of DIAMONDS:	97,770,848
Fractional Undivided Interest in the Trust Represented by each DIAMONDS unit:	1/97,770,848th
Dividend Record Dates:	Monthly
Dividend Payment Dates:	Monthly
Trustee s Annual Fee:	From 6/100 of one percent to 10/100 of one percent, based on the NAV of the Trust, as the same may be adjusted by certain amounts.
Estimated Ordinary Operating Expenses of the Trust:	18/100 of one percent (0.1800%) (inclusive of Trustee s annual fee).**
NAV per DIAMONDS unit (based on the value of the Portfolio Securities, other net assets of the Trust and number of DIAMONDS outstanding):	$93.22
Evaluation Time:	Closing time of the regular trading session on the New York Stock Exchange, LLC. (ordinarily 4:00 p.m. New York time).
Licensor:	Dow Jones & Company, Inc.

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Mandatory Termination Date:	The Trust is scheduled to terminate no later than January 13, 2123, but may terminate earlier under certain circumstances.
Discretionary Termination:	The Trust may be terminated if at any time the value of the securities held by the Trust is less than $350,000,000, as adjusted for inflation. The Trust may also be terminated under other circumstances.
Market Symbol:	DIAMONDS trade on NYSE Arca, Inc. under the symbol DIA .
Fiscal Year End:	October 31
CUSIP:	252787106

* The Trust Agreement became effective, the initial deposit was made and the Trust commenced operation on January 13, 1998 (Initial Date of Deposit).

** Ordinary operating expenses of the Trust are estimated to be 0.1800%, although ordinary operating expenses of the Trust are accruing at approximately 0.1670% as of the date of this Prospectus. As of the fiscal year ended October 31, 2008, ordinary operating expenses of the Trust were 0.1692%. Future expense accruals will depend primarily on the level of the Trust s net assets and the level of Trust expenses. The amount of the earnings credit will be equal to the then current Federal Funds Rate, as reported in nationally distributed publications, multiplied by each day s daily cash balance in the Trust s cash account, if any, reduced by the amount of reserves, if any, for that account required by the Federal Reserve Board of Governors. The Sponsor has undertaken that the ordinary operating expenses of the Trust will not exceed an amount that is 0.1800% of the daily NAV of the Trust, but this amount may be changed. Therefore, there is no guarantee that the Trust s ordinary operating expenses will not exceed 0.1800% of the Trust s daily NAV.

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Highlights

DIAMONDS are Ownership Interests in the DIAMONDS Trust

DIAMONDS Trust, Series 1 (Trust) is a unit investment trust that issues securities called DIAMONDS . The Trust is organized under New York law and is governed by a trust agreement between State Street Bank and Trust Company (Trustee) and PDR Services LLC (Sponsor), dated and executed as of January 13, 1998, as amended (Trust Agreement). The Trust is an investment company registered under the Investment Company Act of 1940. DIAMONDS represent an undivided ownership interest in a portfolio of all of the common stocks of the Dow Jones Industrial Average (DJIA).

DIAMONDS Should Closely Track the Value of the Stocks Included in the DJIA

DIAMONDS intend to provide investment results that, before expenses, generally correspond to the price and yield performance of the DJIA. Current information regarding the value of the DJIA is available from market information services. Dow Jones obtains information for inclusion in, or for use in the calculation of, the DJIA from sources Dow Jones considers reliable. None of Dow Jones, the Sponsor, the Trust, the Trustee, NYSE Arca, Inc. or its affiliates accepts responsibility for or guarantees the accuracy and/or completeness of the DJIA or any data included in the DJIA.

The Trust holds the Portfolio and cash and is not actively managed by traditional methods, which typically involve effecting changes in the Portfolio on the basis of judgments made relating to economic, financial and market considerations. To maintain the correspondence between the composition and weightings of stocks held by the Trust (Portfolio Securities or, collectively, Portfolio) and component stocks of the DJIA (Index Securities), the Trustee adjusts the Portfolio from time to time to conform to periodic changes in the identity and/or relative weightings of Index Securities. The Trustee generally makes these adjustments to the Portfolio within three (3) Business Days (defined below) before or after the day on which changes in the DJIA are scheduled to take effect. Any change in the identity or weighting of an Index Security will result in a corresponding adjustment to the prescribed Portfolio Deposit effective on any day that the New York Stock Exchange, LLC (NYSE) is open for business (Business Day) either prior to, on, or following the day on which the change to the DJIA takes effect after the close of the market.

The value of DIAMONDS fluctuates in relation to changes in the value of the Portfolio. The market price of each individual DIAMONDS may not be identical to the net asset value (NAV) of such DIAMONDS but, historically, these two valuations have generally been close.

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DIAMONDS are Listed and Trade on NYSE Arca, Inc.

DIAMONDS are listed for trading on NYSE Arca, Inc. (Exchange or NYSE Arca), and are bought and sold in the secondary market like ordinary shares of stock at any time during the trading day. DIAMONDS are traded on the Exchange in 100 DIAMOND round lots, but can be traded in odd lots of as little as one DIAMOND. The Exchange may halt trading of DIAMONDS under certain circumstances as summarized herein (see Exchange Listing).

Brokerage Commissions on DIAMONDS

Secondary market purchases and sales of DIAMONDS are subject to ordinary brokerage commissions and charges.

The Trust Issues and Redeems DIAMONDS in Multiples of 50,000 DIAMONDS Called Creation Units

The Trust issues and redeems DIAMONDS only in specified large lots of 50,000 DIAMONDS or multiples thereof referred to as Creation Units. Fractional Creation Units may be created or redeemed only in limited circumstances.*

Creation Units are issued by the Trust to anyone who, after placing a creation order with ALPS Distributors, Inc. (Distributor), deposits with the Trustee a specified portfolio of Index Securities and a cash payment generally equal to dividends (net of expenses) accumulated up to the time of deposit. If the Trustee determines that one or more Index Securities are likely to be unavailable, or available in insufficient quantity, for delivery upon creation of Creation Units, the Trustee may permit the cash equivalent value of one or more of these Index Securities to be included in the Portfolio Deposit as a part of the Cash Component in lieu thereof. If a creator is restricted by regulation or otherwise from investing or engaging in a transaction in one or more Index Securities, the Trustee may permit the cash equivalent value of such Index Securities to be included in the Portfolio Deposit based on the market value of such Index Securities as of the Evaluation Time on the date such creation order is deemed received by the Distributor as part of the Cash Component in lieu of the inclusion of such Index Securities in the stock portion of the Portfolio Deposit.

Creation Units are redeemable in kind only and are not redeemable for cash. Upon receipt of one or more Creation Units, the Trust delivers to the redeeming holder a portfolio of Index Securities (based on NAV of the Trust), together with a cash payment. Each redemption has to be accompanied by a Cash Redemption Payment that on any given Business Day is an amount identical to the Cash Component of a Portfolio Deposit. If the Trustee determines that one or more Index Securities are

* See the discussion of termination of the Trust in this Summary and Dividend Reinvestment Service for a description of the circumstances in which DIAMONDS may be redeemed or created by the Trustee in less than a Creation Unit size aggregation of 50,000 DIAMONDS.

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likely to be unavailable or available in insufficient quantity for delivery by the Trust upon the redemption of Creation Units, the Trustee may deliver the cash equivalent value of one or more of these Index Securities, based on their market value as of the Evaluation Time on the date the redemption order is deemed received by the Trustee, as part of the Cash Redemption Payment in lieu thereof.

Creation Orders Must be Placed with the Distributor

All orders to create Creation Units must be placed with the Distributor. To be eligible to place these orders, an entity or person must be (a) a Participating Party, or (b) a DTC Participant, and in each case must have executed an agreement with the Distributor and the Trustee, as may be amended from time to time (Participant Agreement). The term Participating Party means a broker-dealer or other participant in the DIAMONDS Clearing Process, through the Continuous Net Settlement (CNS) System of the National Securities Clearing Corporation (NSCC), a clearing agency registered with the Securities and Exchange Commission (SEC). Payment for orders is made by deposits with the Trustee of a portfolio of securities, substantially similar in composition and weighting to Index Securities, and a cash payment in an amount equal to the Dividend Equivalent Payment, plus or minus the Balancing Amount. Dividend Equivalent Payment is an amount equal, on a per Creation Unit basis, to the dividends on the Portfolio (with ex-dividend dates within the accumulation period), net of expenses and accrued liabilities for such period (including, without limitation, (i) taxes or other governmental charges against the Trust not previously deducted, if any, and (ii) accrued fees of the Trustee and other expenses of the Trust (including legal and auditing expenses) and other expenses not previously deducted), calculated as if all of the Portfolio Securities had been held for the entire accumulation period for such distribution. The Dividend Equivalent Payment and the Balancing Amount collectively are referred to as Cash Component and the deposit of a portfolio of securities and the Cash Component collectively are referred to as a Portfolio Deposit. Persons placing creation orders with the Distributor must deposit Portfolio Deposits either (i) through the CNS clearing process of NSCC, as such processes have been enhanced to effect creations and redemptions of Creation Units, such processes referred to herein as the DIAMONDS Clearing Process, or (ii) with the Trustee outside the DIAMONDS Clearing Process (*i.e.*, through the facilities of DTC).

The Distributor acts as underwriter of DIAMONDS on an agency basis. The Distributor maintains records of the orders placed with it and the confirmations of acceptance and furnishes to those placing such orders confirmations of acceptance of the orders. The Distributor also is responsible for delivering a prospectus to persons creating DIAMONDS. The Distributor also maintains a record of the delivery instructions in response to orders and may provide certain other administrative services, such as those related to state securities law compliance. The Distributor is a corporation organized under the laws of the State of Colorado and is located at 1290 Broadway, Suite 1100, Denver, CO 80203, toll free number: 1-800-843-2639. The

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Distributor is a registered broker-dealer and a member of FINRA (the successor organization to the National Association of Securities Dealers, Inc.) The Sponsor of the Trust pays the Distributor for its services a flat annual fee. The Sponsor will not seek reimbursement for such payment from the Trust without obtaining prior exemptive relief from the SEC.

Expenses of the Trust

The expenses of the Trust are accrued daily and reflected in the NAV of the Trust. The Trust currently is accruing ordinary operating expenses at an annual rate of 0.1670% (excluding earnings credits).

Shareholder Fees:* (fees paid directly from your investment)	None*

Estimated Trust Annual Ordinary Operating Expenses:

Current Trust Annual Ordinary Operating Expenses	**As a % of Trust Net Assets**
Trustee s Fee	0.0594%
Dow Jones License Fee	0.0411%
Registration Fees	0.0000%
Marketing	0.0600%
Other Operating Expenses	0.0065%
Net Expenses**	0.1670%

Future expense accruals will depend primarily on the level of the Trust s net assets and the level of expenses.

* Investors do not pay shareholder fees directly from their investment, but purchases and redemptions of Creation Units are subject to Transaction Fees (described below in A Transaction Fee is Payable For Each Creation and For Each Redemption of Creation Units), and purchases and sales of DIAMONDS in the secondary market are subject to ordinary brokerage commissions and charges (described above in Brokerage Commissions on DIAMONDS).

** Until the Sponsor otherwise determines, the Sponsor has undertaken that the ordinary operating expenses of the Trust will not be permitted to exceed 0.1800% of the Trust s daily NAV. Gross expenses of the Trust for the year ending October 31, 2008, without regard to this undertaking, were 0.1692% of the daily NAV of the Trust and therefore no expenses of the Trust were assumed by the Sponsor. The Sponsor reserves the right to discontinue this undertaking in the future. Therefore, there is no guarantee that the Trust s ordinary operating expenses will not exceed 0.1800% of the Trust s daily NAV. Trust expenses were reduced during the same period by a Trustee s earnings credit of 0.0044% of the Trust s daily NAV as a result of uninvested cash balances in the Trust. The amount of earnings credit will be equal to the then current Federal Funds Rate, as reported in nationally distributed publications, multiplied by each day s daily cash balance, if any, in the Trust s cash account, reduced by the amount of reserves, if any, for that account required by the Federal Reserve Board of Governors.

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Bar Chart and Table

The bar chart below and the table on the next page entitled Average Annual Total Returns (For Periods Ending December 31, 2008) (Table) provide some indication of the risks of investing in the Trust by showing the variability of the Trust s returns based on net assets and comparing the Trust s performance to the performance of the DJIA. Past performance (both before and after tax) is not necessarily an indication of how the Trust will perform in the future.

The after-tax returns presented in the Table are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns will depend on your specific tax situation and may differ from those shown below. After-tax returns are not relevant to investors who hold DIAMONDS through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. The total returns in the bar chart below, as well as the total and after-tax returns presented in the Table, do not reflect Transaction Fees payable by those persons purchasing and redeeming Creation Units, nor brokerage commissions incurred by those persons purchasing and selling DIAMONDS in the secondary market (see footnotes (2) and (3) to the Table).

This bar chart shows the performance of the Trust for each full calendar year for the past 10 years ended December 31, 2008. During the period shown above (January 1, 1999 through December 31, 2008), the highest quarterly return for the Trust was 13.75% for the quarter ended December 31, 2001, and the lowest was −18.39% for the quarter ended December 31, 2008.

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Average Annual Total Returns* (For Periods Ending December 31, 2008)

	Past One Year	Past Five Years	Past Ten Years
DIAMONDS Trust, Series 1			
Return Before Taxes(1)(2)(3)	−31.92%	−1.27%	1.52%
Return After Taxes on Distributions(1)(2)(3)	−32.21%	−1.68%	1.03%
Return After Taxes on Distributions and Redemption of Creation Units(1)(2)(3)	−20.27%	−1.08%	1.14%
DJIA(4)	−31.93%	−1.12%	1.66%

* Total returns assume that dividends and capital gain distributions have been reinvested in the Trust at the net asset value per unit.

(1) Includes all applicable ordinary operating expenses set forth above in the section of Highlights entitled Expenses of the Trust .

(2) Does not include the Transaction Fee which is payable to the Trustee only by persons purchasing and redeeming Creation Units as discussed below in the section of Highlights entitled A Transaction Fee is Payable For Each Creation and For Each Redemption of Creation Units . If these amounts were reflected, returns would be less than those shown.

(3) Does not include brokerage commissions and charges incurred only by persons who make purchases and sales of DIAMONDS in the secondary market as discussed above in the section of Highlights entitled Brokerage Commissions on DIAMONDS . If these amounts were reflected, returns would be less than those shown.

(4) Does not reflect deductions for taxes, operating expenses, Transaction Fees, brokerage commissions, or fees of any kind.

DIAMONDS TRUST, SERIES 1

GROWTH OF $10,000 INVESTMENT SINCE INCEPTION(1)

(1) Past performance is not necessarily an indication of how the Trust will perform in the future.

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A Transaction Fee is Payable for Each Creation and for Each Redemption of Creation Units

The transaction fee payable to the Trustee in connection with each creation and redemption of Creation Units made through the DIAMONDS Clearing Process (Transaction Fee) is non-refundable, regardless of the NAV of the Trust. This Transaction Fee is $1,000 per Participating Party per day, regardless of the number of Creation Units created or redeemed on such day. The $1,000 charge is subject to a limit not to exceed 10/100 of one percent (10 basis points) of the value of one Creation Unit at the time of creation (10 Basis Point Limit).

For creations and redemptions outside the DIAMONDS Clearing Process, an additional amount not to exceed three (3) times the Transaction Fee applicable for one Creation Unit is charged per Creation Unit per day. Under the current schedule, therefore, the total fee charged in connection with creation or redemption outside the DIAMONDS Clearing Process would be $1,000 (the Transaction Fee for the creation or redemption of one Creation Unit) plus an additional amount up to $3,000 (3 times $1,000), for a total not to exceed $4,000. Creators and redeemers restricted from engaging in transactions in one or more Index Securities may pay the Trustee the Transaction Fee and may pay an additional amount per Creation Unit not to exceed three (3) times the Transaction Fee applicable for one Creation Unit.

DIAMONDS are Held in Book Entry Form Only

The Depository Trust Company (DTC) or its nominee is the record or registered owner of all outstanding DIAMONDS. Beneficial ownership of DIAMONDS is shown on the records of DTC or its participants. Individual certificates are not issued for DIAMONDS. See The Trust Securities Depository; Book-Entry-Only System.

DIAMONDS Make Periodic Dividend Payments

DIAMONDS holders receive each calendar month an amount corresponding to the amount of any cash dividends declared on the Portfolio Securities during the applicable period, net of fees and expenses associated with operation of the Trust, and taxes, if applicable. Because of such fees and expenses, the dividend yield for DIAMONDS is ordinarily less than that of the DJIA. Investors should consult their tax advisors regarding tax consequences associated with Trust dividends, as well as those associated with DIAMONDS sales or redemptions.

Monthly distributions based on the amount of dividends payable with respect to Portfolio Securities and other income received by the Trust, net of fees and expenses, and taxes, if applicable, are made via DTC and its participants to Beneficial Owners on each Dividend Payment Date. Any capital gain income recognized by the Trust in any taxable year that is not previously treated as distributed during the year ordinarily is to be distributed at least annually in January of the following taxable year. The Trust may make additional distributions shortly after the end of the year in order to

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satisfy certain distribution requirements imposed by the Internal Revenue Code of 1986, as amended (Code). Although all income distributions are currently made monthly, the Trustee may vary the periodicity with which distributions are made. Those Beneficial Owners interested in reinvesting their monthly distributions may participate through DTC Participants in the DTC Dividend Reinvestment Service (Service) available through certain brokers. See The Trust Securities Depository; Book-Entry-Only System.

The Trust Intends to Qualify as a Regulated Investment Company

For the fiscal year ended October 31, 2008, the Trust believes that it qualified for tax treatment as a regulated investment company under Subchapter M of the Code. The Trust intends to continue to so qualify and to distribute annually its entire investment company taxable income and net capital gain. Distributions that are taxable as ordinary income to Beneficial Owners generally are expected to constitute qualified dividend income eligible (a) for the maximum 15% tax rate for non-corporate taxpayers through 2009 and (b) for federal income tax purposes and to be eligible for the dividends-received deduction available to many corporations to the extent of qualified dividend income received by the Trust. The Trust s regular monthly distributions are based on the dividend performance of the Portfolio during such monthly distribution period rather than the actual taxable income of the Trust. As a result, a portion of the distributions of the Trust may be treated as a return of capital or a capital gain dividend for federal income tax purposes or the Trust may be required to make additional distributions to maintain its status as a regulated investment company or to avoid imposition of income or excise taxes on undistributed income.

Subchapter M of the Code imposes certain diversification requirements. The Trustee may adjust the composition of the Portfolio at any time if, in the Trustee s view, such adjustment is necessary to ensure continued qualification of the Trust as a regulated investment company for tax purposes.

Termination of the Trust

The Trust has a specified lifetime term. The Trust is scheduled to terminate on the first to occur of (a) January 13, 2123 or (b) the date 20 years after the death of the last survivor of fifteen persons named in the Trust Agreement, the oldest of whom was born in 1994 and the youngest of whom was born in 1997. Upon termination, the Trust may be liquidated and pro rata shares of the assets of the Trust, net of certain fees and expenses, distributed to holders of DIAMONDS.

Restrictions on Purchases of DIAMONDS by Investment Companies

Purchases of DIAMONDS by investment companies are subject to restrictions set forth in Section 12(d)(1) of the Investment Company Act of 1940. The Trust has received an SEC order that permits registered investment companies to invest in

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DIAMONDS beyond these limits, subject to certain conditions and terms. One such condition is that registered investment companies relying on the order must enter into a written agreement with the Trust. Registered investment companies wishing to learn more about the order and the agreement should telephone 1-800-843-2639.

The Trust itself is also subject to the restrictions of Section 12(d)(1). This means that (a) the Trust cannot invest in any registered investment company, to the extent that the Trust would own more than 3% of that registered investment company s outstanding share position, (b) the Trust cannot invest more than 5% of its total assets in the securities of any one registered investment company, and (c) the Trust cannot invest more than 10% of its total assets in the securities of registered investment companies in the aggregate.

Risk Factors

Investors can lose money by investing in DIAMONDS. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding to invest in DIAMONDS.

Investment in the Trust involves the risks inherent in an investment in any equity security. An investment in the Trust is subject to the risks of any investment in a portfolio of large-capitalization common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of such investment. The value of Portfolio Securities may fluctuate in accordance with changes in the financial condition of the issuers of Portfolio Securities (particularly those that are heavily weighted in the DJIA), the value of common stocks generally and other factors. The identity and weighting of Index Securities and the Portfolio Securities also change from time to time.

The financial condition of the issuers may become impaired or the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the Portfolio and thus in the value of DIAMONDS). Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises.

Holders of common stocks of any given issuer incur more risk than holders of preferred stocks and debt obligations of the issuer because the rights of common stockholders, as owners of the issuer, generally are inferior to the rights of creditors of, or holders of debt obligations or preferred stocks issued by, such issuer. Further, unlike debt securities that typically have a stated principal amount payable at maturity, or preferred stocks that typically have a liquidation preference and may have stated optional or mandatory redemption provisions, common stocks have

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neither a fixed principal amount nor a maturity. Common stock values are subject to market fluctuations as long as the common stock remains outstanding. The value of the Portfolio may be expected to fluctuate over the entire life of the Trust.

There can be no assurance that the issuers of Portfolio Securities will pay dividends. Distributions generally depend upon the declaration of dividends by the issuers of Portfolio Securities and the declaration of such dividends generally depends upon various factors, including the financial condition of the issuers and general economic conditions.

The Trust is not actively managed. The Trust is not actively managed by traditional methods, and therefore the adverse financial condition of an issuer will not result in the elimination of its stocks from the Portfolio unless the stocks of such issuer are removed from the DJIA.

A liquid trading market for certain Portfolio Securities may not exist. Although most of the Portfolio Securities are listed on a national securities exchange, the principal trading market for some may be in the over-the-counter market. The existence of a liquid trading market for certain Portfolio Securities may depend on whether dealers will make a market in such stocks. There can be no assurance that a market will be made for any Portfolio Securities, that any market will be maintained or that any such market will be or remain liquid. The price at which Portfolio Securities may be sold and the value of the Portfolio will be adversely affected if trading markets for Portfolio Securities are limited or absent.

The Trust may not always be able exactly to replicate the performance of the DJIA. It is possible that the Trust may not always fully replicate the performance of the DJIA due to the unavailability of certain Index Securities in the secondary market or due to other extraordinary circumstances. In addition, the Trust is not able to replicate exactly the performance of the DJIA because the total return generated by the Portfolio is reduced by Trust expenses and transaction costs incurred in adjusting the actual balance of the Portfolio. In addition, the Trust s portfolio may deviate from the DJIA to the extent required to ensure continued qualification as a regulated investment company under Subchapter M of the Code.

Investment in the Trust may have adverse tax consequences. Investors in the Trust should also be aware that there are tax consequences associated with the ownership of DIAMONDS resulting from the distribution of Trust dividends and sales of DIAMONDS as well as under certain circumstances the sales of stocks held by the Trust in connection with redemptions.

NAV may not always correspond to market price. The NAV of DIAMONDS in Creation Unit size aggregations and, proportionately, the NAV per DIAMONDS unit, changes as fluctuations occur in the market value of Portfolio Securities. Investors should be aware that the aggregate public trading market price of 50,000 DIAMONDS may be different from the NAV of a Creation Unit (*i.e.*, 50,000 DIAMONDS may trade at a premium over, or at a discount to, the NAV of a Creation Unit) and similarly the public trading market price per DIAMONDS unit may be different from the NAV of a Creation Unit on a per DIAMONDS unit basis. This price difference may be due, in large part, to the fact that supply and demand forces at work in the secondary trading market for DIAMONDS are closely related to, but not identical to, the same forces influencing the prices of Index Securities trading individually or in the aggregate at any point in time. Investors also should note that the size of the Trust in terms of total assets held may change substantially over time and from time to time as Creation Units are created and redeemed.

The Exchange may halt trading in DIAMONDS. DIAMONDS are listed for trading on the Exchange under the market symbol DIA. Trading in DIAMONDS may be halted under certain circumstances as summarized herein (see Exchange Listing). Also, there can be no assurance that the requirements of the Exchange necessary to maintain the listing of DIAMONDS will continue to be met or will remain unchanged. The Trust will be terminated if DIAMONDS are delisted from the Exchange.

DIAMONDS are subject to market risks. DIAMONDS are subject to the risks other than those inherent in an investment in equity securities, discussed above, in that the selection of the stocks included in the Portfolio, the expenses associated with the Trust, or other factors distinguishing an ownership interest in a trust from the direct ownership of a portfolio of stocks may affect trading in DIAMONDS.

Additionally, DIAMONDS may perform differently than other investments in portfolios containing large capitalization stocks based upon or derived from an index other than the DJIA. For example, the great majority of component stocks of the DJIA are drawn from among the largest of the large capitalization universe, while other indexes may represent a broader sampling of large capitalization stocks. Also, other indexes may use different methods for assigning relative weights to the index components than the price weighted method used by the DJIA. As a result, DJIA accords relatively more weight to stocks with a higher price to market capitalization ratio than a similar market capitalization weighted index.

The regular settlement period for Creation Units may be reduced. Except as otherwise specifically noted, the time frames for delivery of stocks, cash, or DIAMONDS in connection with creation and redemption activity within the DIAMONDS Clearing Process are based on NSCC s current regular way settlement period of three (3) days during which NSCC is open for business (each such day an NSCC Business Day). NSCC may, in the future, reduce such regular way settlement period, in which case there may be a corresponding reduction in settlement periods applicable to DIAMONDS creations and redemptions.

Clearing and settlement of Creation Units may be delayed or fail. The Trustee delivers a portfolio of stocks for each Creation Unit delivered for redemption substantially identical in weighting and composition to the stock portion of a Portfolio Deposit as in effect on the date the request for redemption is deemed received by the Trustee. If redemption is processed through the DIAMONDS

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Clearing Process, the stocks that are not delivered are covered by NSCC s guarantee of the completion of such delivery. Any stocks not received on settlement date are marked-to-market until delivery is completed. The Trust, to the extent it has not already done so, remains obligated to deliver the stocks to NSCC, and the market risk of any increase in the value of the stocks until delivery is made by the Trust to NSCC could adversely affect the NAV of the Trust. Investors should note that the stocks to be delivered to a redeemer submitting a redemption request outside of the DIAMONDS Clearing Process that are not delivered to such redeemer are not covered by NSCC s guarantee of completion of delivery.

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DIAMONDS TRUST, SERIES 1
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Unitholders of DIAMONDS Trust, Series 1

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of DIAMONDS Trust, Series 1 (the Trust) at October 31, 2008, the results of its operations, the changes in its net assets and the financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Trustee; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2008 by correspondence with the custodian and brokers, and the application of alternative auditing procedures where securities purchased had not been received, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
December 23, 2008

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DIAMONDS Trust Series 1
Statement of Assets and Liabilities
October 31, 2008

Assets	
Investments in securities, at value	$ 9,105,099,863
Cash	20,368,437
Dividends receivable	15,445,692
Total Assets	9,140,913,992
Liabilities	
Income distribution payable	16,564,734
Payable for DIAMONDS redeemed in-kind	17,535
Accrued Trustee expense	799,304
Accrued expenses and other liabilities	9,302,143
Total Liabilities	26,683,716
Net Assets	$ 9,114,230,276
Net Assets Consist of:	
Paid in surplus	$ 13,599,260,467
Undistributed net investment income	2,493,120
Accumulated net realized loss on investments	(800,674,454)
Net unrealized depreciation on investments	(3,686,848,857)
Net Assets	$ 9,114,230,276
Net asset value per DIAMOND	$ 93.22
Units of fractional undivided interest (DIAMONDS) outstanding, unlimited units authorized, $0.00 par value	97,770,848
Cost of investments	$ 12,791,948,720

See accompanying notes to financial statements.

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DIAMONDS Trust Series 1
Statements of Operations

	For the Year Ended October 31, 2008	For the Year Ended October 31, 2007	For the Year Ended October 31, 2006
Investment Income			
Dividend income	$ 234,266,377	$ 172,683,551	$ 154,659,959
Expenses			
Trustee expense	4,878,701	4,232,050	4,562,765
Marketing expense	5,319,946	4,437,144	3,903,738
DJIA license fee	4,152,507	2,555,000	2,555,000
Legal and audit services	181,128	174,890	100,378
Other expenses	389,842	218,083	384,919
Total expenses	14,922,124	11,617,167	11,506,800
Trustee earnings credits		(965,742)	(418,803)
Net expenses after Trustee earnings credits	14,922,124	10,651,425	11,087,997
Net Investment income	219,344,253	162,032,126	143,571,962
Realized and Unrealized Gain (Loss) on Investments			
Net realized gain (loss) on investment transactions	(172,099,218)	854,766,927	413,807,291
Net change in unrealized appreciation (depreciation)	(3,238,666,792)	139,514,977	517,345,427
Net Realized and Unrealized Gain (Loss) on Investments	(3,410,766,010)	994,281,904	931,152,718
Net Increase (Decrease) in Net Assets Resulting from Operations	$ (3,191,421,757)	$ 1,156,314,030	$ 1,074,724,680

See accompanying notes to financial statements.

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DIAMONDS Trust Series 1
Statements of Changes in Net Assets

	For the Year Ended October 31, 2008	For the Year Ended October 31, 2007	For the Year Ended October 31, 2006
Increase (Decrease) in Net Assets Resulting from Operations:			
Net investment income	$ 219,344,253	$ 162,032,126	$ 143,571,962
Net realized gain (loss) on investment transactions	(172,099,218)	854,766,927	413,807,291
Net change in unrealized appreciation (depreciation)	(3,238,666,792)	139,514,977	517,345,427
Net Increase (Decrease) in Net Assets Resulting from Operations	(3,191,421,757)	1,156,314,030	1,074,724,680
Net Equalization Credits and Charges	1,639,517	(13,594,558)	(1,800,594)
Distributions to Unitholders from Net Investment Income	(218,527,182)	(147,731,248)	(141,435,357)
Net Increase (Decrease) in Net Assets from Issuance and Redemption of DIAMONDS	3,182,648,908	1,785,284,683	(1,781,857,294)
Net Increase (Decrease) in Net Assets	(225,660,514)	2,780,272,907	(850,368,565)
Net Assets at Beginning of Year	9,339,890,790	6,559,617,883	7,409,986,448
Net Assets at End of Year*	$ 9,114,230,276	$ 9,339,890,790	$ 6,559,617,883
*Includes Undistributed Net Investment Income	$ 2,493,120	$ 17,835,012	$ 3,534,134

See accompanying notes to financial statements.

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DIAMONDS Trust Series 1
Financial Highlights
Selected Data for a DIAMOND Outstanding During the Year

	For the Year Ended October 31, 2008	For the Year Ended October 31, 2007	For the Year Ended October 31, 2006	For the Year Ended October 31, 2005	For the Year Ended October 31, 2004
Net asset value, beginning of year	$ 139.17	$ 120.69	$ 104.31	$ 100.48	$ 98.20
Investment Operations:					
Net investment income(1)	2.96	2.85	2.45	2.39(5)	1.94
Net realized and unrealized gain (loss) on investments	(45.91)	18.57	16.37	3.91	2.28
Total from investment operations	(42.95)	21.42	18.82	6.30	4.22
Net equalization credits and charges(1)	0.02	(0.24)	(0.03)	(0.03)	0.00(2)
Less distributions from:					
Net investment income	(3.02)	(2.70)	(2.41)	(2.44)	(1.94)
Net asset value, end of year	$ 93.22	$ 139.17	$ 120.69	$ 104.31	$ 100.48
Total investment return(3)	(31.23)%	17.72%	18.23%	6.23%	4.27%
Ratios and supplemental data					
Ratios to average net assets:					
Net investment income	2.49%	2.19%	2.21%	2.27%	1.89%
Total expenses	0.17%	0.16%	0.18%	0.18%	0.18%
Net expenses excluding trustee earnings credit	0.17%	0.14%	0.17%	0.17%	0.18%
Portfolio turnover rate(4)	11.27%	1.45%	0.01%	7.69%	13.88%
Net asset value, end of year (000 s)	$ 9,114,230	$ 9,339,891	$ 6,559,618	$ 7,409,986	$ 8,190,891

(1) Per unit numbers have been calculated using the average shares method.

(2) Amount shown represents less than $0.005.

(3) Total return is calculated assuming a purchase of shares at net asset value per share on the first day and a sale at net asset value per share on the last day of each period reported. Distributions are assumed, for the purposes of

this calculation, to be reinvested at the net asset value per share on the respective payment dates of the Trust. Broker commission charges are not included in the calculation.

(4) Portfolio turnover ratio excludes securities received or delivered from processing creations or redemptions of DIAMONDS.

(5) Net investment income per unit reflects receipt of a one time dividend from a portfolio holding (Microsoft Corp.). The effect of this dividend amounted to $0.22 per unit.

See accompanying notes to financial statements.

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DIAMONDS Trust Series 1
Notes to Financial Statements
October 31, 2008

NOTE 1 ORGANIZATION

DIAMONDS Trust, Series 1 (the Trust) is a unit investment trust created under the laws of the State of New York and registered under the Investment Company Act of 1940, as amended. The Trust was created to provide investors with the opportunity to purchase a security representing a proportionate undivided interest in a portfolio of securities consisting of substantially all of the component common stocks, in substantially the same weighting, which comprise the Dow Jones Industrial Average (the DJIA). Each unit of fractional undivided interest in the Trust is referred to as a DIAMOND . The Trust commenced operations on January 14, 1998 upon the initial issuance of 500,000 DIAMONDS (equivalent to ten Creation Units see Note 4) in exchange for a portfolio of securities assembled to reflect the intended portfolio composition of the Trust.

Under the Trust Agreement, the Sponsor and Trustee (each as defined below) are indemnified against certain liabilities arising from the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience the Trust expects the risk of material loss to be remote.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by the Trust.

Security Valuation

The value of the Trust s portfolio securities is based on the market price of the securities, which generally means a valuation obtained from an exchange or other market (or based on a price quotation or other equivalent indication of value supplied by an exchange or other market) or a valuation obtained from an independent pricing service.

In September 2006, Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157 or the Statement), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair

DIAMONDS Trust Series 1
Notes to Financial Statements
October 31, 2008

value measurements. As a result, the Trust will adopt SFAS 157 for the fiscal year beginning November 1, 2008. The Trustee is evaluating the application of the Statement to the Trust, and believes the impact will be limited to expanded disclosures resulting from the adoption of this Statement in the Trust s financial statements.

Investment Risk

The Trust invests in various investments which are exposed to risks, such as market risk. Due to the level of risk associated with certain investments it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

An investment in the Trust involves risks similar to those of investing in any fund of equity securities, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock prices. You should anticipate that the value of DIAMONDS will decline, more or less, in correlation with any decline in value of the DJIA. The values of equity securities could decline generally or could underperform other investments. Further, the Trust would not sell an equity security because the security s issuer was in financial trouble unless that security is removed from the DJIA.

Investment Transactions

Investment transactions are recorded on the trade date. Realized gains and losses from the sale or disposition of securities are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date.

Distributions to Unitholders

The Trust declares and distributes dividends from net investment income to its unitholders monthly. The Trust will distribute net realized capital gains, if any, at least annually.

Equalization

The Trust follows the accounting practice known as Equalization by which a portion of the proceeds from sales and costs of reacquiring the Trust s units, equivalent on a per unit basis to the amount of distributable net investment income on the date of the transaction, is credited or charged to undistributed net investment income. As a result, undistributed net investment income per unit is unaffected by sales or reacquisitions of the Trust s units.

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DIAMONDS Trust Series 1
Notes to Financial Statements
October 31, 2008

Federal Income Tax

The Trust has qualified and intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. By so qualifying and electing, the Trust will not be subject to federal income taxes to the extent it distributes its taxable income, including any net realized capital gains, for each fiscal year. In addition, by distributing during each calendar year substantially all of its net investment income and capital gains, if any, the Trust will not be subject to federal excise tax. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from those determined in accordance with US GAAP. These differences are primarily due to differing treatments for income equalization, in-kind transactions and losses deferred due to wash sales. Net investment income per unit calculations in the financial highlights for all years presented exclude these differences.

During the fiscal year ended October 31, 2008, the Trust reclassified $341,238,222 of non-taxable security gains realized in the in-kind redemption of Creation Units (Note 4) as an increase to paid in surplus in the Statement of Assets and Liabilities.

At October 31, 2008, the Trust had the following capital loss carryforwards which may be used to offset any net realized gains, expiring October 31:

2010	$	2,065,467
2011		68,716,435
2012		221,460,584
2014		52,316
2016		506,750,845

The tax character of distributions paid during the year ended October 31, 2008, 2007, and 2006 were as follows:

Distributions paid from:		**2008**		**2007**		**2006**
Ordinary Income	$	218,527,182	$	147,731,248	$	141,435,357

There were no significant differences between the book basis and tax basis components of net assets other than differences in the net unrealized appreciation (depreciation) in value of investments attributable to the tax deferral of losses on wash sales and undistributed ordinary income attributable to dividends payable at period end.

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DIAMONDS Trust Series 1
Notes to Financial Statements
October 31, 2008

As of October 31, 2008, the components of distributable earnings (excluding unrealized appreciation/(depreciation)) on the tax basis were undistributed ordinary income of $19,057,854 and undistributed long term capital gain of $0.

On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48 or the Interpretation). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Trust s tax return to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet a more-likely-than-not threshold would be recorded as a tax expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date.

The Trust adopted the provisions of FIN 48 on November 1, 2007. Management evaluated the implications of FIN 48 and determined that the tax positions met the more-likely than not threshold. There was no impact resulting from the adoption of this Interpretation on the Trust s financial statements. The Trust s federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service. It is the Trust s policy to record interest and penalty charges on underpaid taxes associated with its tax positions as interest expense and miscellaneous expense, respectively. No such charges were recorded in the current financial statements.

NOTE 3 TRANSACTIONS WITH THE TRUSTEE AND SPONSOR

In accordance with the Trust Agreement, State Street Bank and Trust Company (the Trustee) maintains the Trust s accounting records, acts as custodian and transfer agent to the Trust, and provides certain administrative services. The Trustee is also responsible for determining the composition of the portfolio of securities which must be delivered and/or received in exchange for the issuance and/or redemption of Creation Units of the Trust, and for adjusting the composition of the Trust s portfolio from time to time to conform to changes in the composition

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DIAMONDS Trust Series 1
Notes to Financial Statements
October 31, 2008

and/or weighting structure of the DJIA. For these services, the Trustee received a fee at the following annual rates for the year ended October 31, 2008:

Net asset value of the Trust	Fee as a percentage of net asset value of the Trust
$0 $499,999,999	10/100 of 1% per annum plus or minus the Adjustment Amount
$500,000,000 $2,499,999,999	8/100 of 1% per annum plus or minus the Adjustment Amount
$2,500,000,000 and above	6/100 of 1% per annum plus or minus the Adjustment Amount

The Adjustment Amount is the sum of (a) the excess or deficiency of transaction fees received by the Trustee, less the expenses incurred in processing orders for creation and redemption of DIAMONDS and (b) the amounts earned by the Trustee with respect to the cash held by the Trustee for the benefit of the Trust. During the year ended October 31, 2008, the Adjustment Amount reduced the Trustee s fee by $1,011,636. The Adjustment Amount included an excess of net transaction fees from processing orders of $624,774 and a Trustee earnings credit of $386,862. Prior to 2008, the Trustee earnings credits were presented seperately on the Statements of Operation.

Effective November 1, 2006, the Trustee changed the method of computing the Adjustment Amount to the Trustee Fee such that all income earned with respect to cash held for the benefit of the Trust is credited against the Trustee s Fee. In addition, during the period from December 1, 2006 through December 31, 2006, the Trustee applied incremental cash balance credits of $374,030 which is included in the Trustee earnings credit of $965,742.

PDR Services LLC (the Sponsor), a wholly-owned subsidiary of NYSE Alternext US LLC, formerly the American Stock Exchange LLC (NYSE Alternext), agreed to reimburse the Trust for, or assume, the ordinary operating expenses of the Trust which exceeded 18.00/100 of 1% per annum of the daily net asset value of the Trust. There were no such reimbursements by the Sponsor for the fiscal years ended October 31, 2006, October 31, 2007 and October 31, 2008.

Dow Jones & Company, Inc. (Dow Jones), NYSE Alternext, the Sponsor and State Street Global Markets, LLC (SSgM) have entered into a License Agreement. The License Agreement grants SSgM, an affiliate of the Trustee, a license to use the DJIA as a basis for determining the composition of the Portfolio and to use certain trade names and trademarks of Dow Jones in connection with the Portfolio. The Trustee on behalf of the Trust, the Sponsor and the Exchange have each received a sublicense from SSgM for the use of the DJIA and such trade names and trademarks

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DIAMONDS Trust Series 1
Notes to Financial Statements
October 31, 2008

in connection with their rights and duties with respect to the Trust. The License Agreement may be amended without the consent of any of the owners of beneficial interests of DIAMONDS, as shown on, and effected only through, records maintained by the Depository Trust Company (DTC) and DTC s Participants, as defined in the prospectus (Beneficial Owners). Currently, the License Agreement is scheduled to terminate on December 31, 2017, but its term may be extended without the consent of any of the Beneficial Owners of DIAMONDS. The Trust pays an annual sub-license fee to Dow Jones of an amount equal to 0.05% on the first $1 billion of the then rolling average asset balance, and 0.04% on any excess rolling average asset balance over and above $1 billion. The minimum annual fee for the Trust is $1 million.

NOTE 4 TRUST TRANSACTIONS IN DIAMONDS

Transactions in DIAMONDS were as follows:

	Year Ended October 31, 2008		
	DIAMONDS		**Amounts**
DIAMONDS sold	366,850,000	$	43,007,862,019
DIAMONDS issued upon dividend reinvestment	11,778		1,388,124
DIAMONDS redeemed	(336,200,000)		(39,824,961,718)
Net income equalization			(1,639,517)
Net increase	30,661,778	$	3,182,648,908

	Year Ended October 31, 2007		
	DIAMONDS		**Amounts**
DIAMONDS sold	283,800,000	$	37,094,855,531
DIAMONDS issued upon dividend reinvestment	9,870		1,275,186
DIAMONDS redeemed	(271,050,000)		(35,324,440,592)
Net income equalization			13,594,558
Net increase	12,759,870	$	1,785,284,683

DIAMONDS Trust Series 1
Notes to Financial Statements
October 31, 2008

	Year Ended October 31, 2006		
	DIAMONDS		Amounts
DIAMONDS sold	142,300,000	$	15,848,129,501
DIAMONDS issued upon dividend reinvestment	12,974		1,429,406
DIAMONDS redeemed	(159,000,000)		(17,633,216,795)
Net income equalization			1,800,594
Net decrease	(16,687,026)	$	(1,781,857,294)

With the exception of the Trust s dividend reinvestment plan, DIAMONDS are issued and redeemed by the Trust only in Creation Unit size aggregations of 50,000 DIAMONDS. Such transactions are only permitted on an in-kind basis, with a separate cash payment which is equivalent to the undistributed net investment income per DIAMOND (income equalization) and a balancing cash component to equate the transaction to the net asset value per unit of the Trust on the transaction date. A transaction fee of $1,000 is charged in connection with each creation or redemption of Creation Units through the DIAMONDS Clearing Process per participating party per day, regardless of the number of Creation Units created or redeemed. For creations and redemptions outside the DIAMONDS Clearing Process, an additional amount not to exceed three (3) times the Transaction Fee applicable for one Creation Unit is charged per Creation Unit per day. Under the current schedule, therefore, the total fee charged in connection with creation or redemption outside the DIAMONDS Clearing Process would be $1,000 (the Transaction Fee for the creation or redemption of one Creation Unit) plus an additional amount up to $3,000 (3 times $1,000), for a total not to exceed $4,000. Transaction fees are received by the Trustee and used to defray the expense of processing orders.

NOTE 5 INVESTMENT TRANSACTIONS

For the year ended October 31, 2008, the Trust had net in-kind contributions, net in-kind redemptions, purchases and sales of investment securities of $26,714,386,380, $23,539,127,988, $994,695,926 and $986,832,359, respectively. At October 31, 2008, the cost of investments for federal income tax purposes was $12,793,577,527, accordingly, gross unrealized appreciation was $0 and gross unrealized depreciation was $3,688,477,664, resulting in net unrealized depreciation of $3,688,477,664.

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DIAMONDS Trust Series 1
Notes to Financial Statements
October 31, 2008

Tax Information

For federal income tax purposes, the percentage of Trust ordinary distributions which qualify for the corporate dividends received deduction for the fiscal year ended October 31, 2008 is 99.79%.

For the fiscal year ended October 31, 2008, certain dividends paid by the Trust may be designated as qualified dividend income and subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. Complete information will be reported in conjunction with your 2008 Form 1099-DIV.

FREQUENCY DISTRIBUTION OF DISCOUNTS AND PREMIUMS

Bid/Ask Price(1) vs Net Asset Value
As of October 31, 2008

	Bid/Ask Price Above NAV			Bid/Ask Price Below NAV		
	50-99 BASIS POINTS	100-199 BASIS POINTS	>200 BASIS POINTS	50-99 BASIS POINTS	100-199 BASIS POINTS	>200 BASIS POINTS
2008	3	2	2	2	0	0
2007	1	0	0	0	0	0
2006	0	0	0	0	0	0
2005	0	0	0	0	0	0
2004	0	0	0	0	0	0

Comparison of Total Returns Based on NAV and Bid/Ask Price(1)

The table below is provided to compare the Trust s total pre-tax returns at NAV with the total pre-tax returns based on bid/ask price and the performance of the DJIA. Past performance is not necessarily an indication of how the Trust will perform in the future.

Cumulative Total Return

	1 Year	5 Year	10 Year
DIAMONDS Trust, Series 1			
Return Based on NAV	–31.23%	6.02%	31.62%
Return Based on Bid/Ask Price	–31.37%	5.81%	31.06%
DJIA	–31.24%	6.83%	33.51%

DIAMONDS Trust Series 1
Notes to Financial Statements
October 31, 2008

Average Annual Total Return

	1 Year	5 Year	10 Year
DIAMONDS Trust, Series 1			
Return Based on NAV	−31.23%	1.18%	2.79%
Return Based on Bid/Ask Price	−31.37%	1.14%	2.74%
DJIA	−31.24%	1.33%	2.93%

(1) The Bid/Ask Price is calculated based on the best bid and best offer on the NYSE Alternext at 4:00 p.m.

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DIAMONDS Trust Series 1
Schedule of Investments
October 31, 2008

Common Stocks	Shares		Value
3M Co.	7,776,952	$	500,058,014
Alcoa, Inc.	7,776,952		89,512,718
American Express Co.	7,776,952		213,866,180
AT&T, Inc.	7,776,952		208,189,005
Bank of America Corp.	7,776,952		187,968,930
Boeing Co.	7,776,952		406,501,281
Caterpillar, Inc.	7,776,952		296,846,258
Chevron Corp.	7,776,952		580,160,619
Citigroup, Inc.	7,776,952		106,155,395
Coca-Cola Co.	7,776,952		342,652,505
Du Pont (E.I.) de Nemours & Co.	7,776,952		248,862,464
Exxon Mobil Corp.	7,776,952		576,427,682
General Electric Co.	7,776,952		151,728,333
General Motors Corp.	7,776,952		44,950,783
Hewlett-Packard Co.	7,776,952		297,701,723
Home Depot, Inc.	7,776,952		183,458,298
Intel Corp.	7,776,952		124,431,232
International Business Machines Corp.	7,776,952		723,023,227
Johnson & Johnson	7,776,952		477,038,236
JPMorgan Chase & Co.	7,776,952		320,799,270
Kraft Foods, Inc. (Class A)	7,776,952		226,620,381
McDonald s Corp.	7,776,952		450,518,829
Merck & Co., Inc.	7,776,952		240,696,664
Microsoft Corp.	7,776,952		173,659,338
Pfizer, Inc.	7,776,952		137,729,820
Procter & Gamble Co.	7,776,952		501,924,482
United Technologies Corp.	7,776,952		427,421,282
Verizon Communications, Inc.	7,776,952		230,742,166
Wal-Mart Stores, Inc.	7,776,952		434,031,691
Walt Disney Co.	7,776,952		201,423,057
Total Common Stocks (Cost $12,791,948,720)		$	9,105,099,863

See accompanying notes to financial statements.

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THE TRUST

The Trust, an exchange traded fund or ETF , is a registered investment company which both (a) continuously issues and redeems in-kind its shares, known as DIAMONDS, only in large lot sizes called Creation Units at their once-daily NAV and (b) lists DIAMONDS individually for trading on the Exchange at prices established throughout the trading day, like any other listed equity security trading in the secondary market on the Exchange.

Creation of Creation Units

Portfolio Deposits may be made through the DIAMONDS Clearing Process or outside the DIAMONDS Clearing Process only by a person who executed a Participant Agreement with the Distributor and the Trustee. The Distributor shall reject any order that is not submitted in proper form. A creation order is deemed received by the Distributor on the date on which it is placed (Transmittal Date) if (a) such order is received by the Distributor not later than the Closing Time (as defined below) on such Transmittal Date and (b) all other procedures set forth in the Participant Agreement are properly followed. The Transaction Fee is charged at the time of creation of a Creation Unit, and an additional amount not to exceed three (3) times the Transaction Fee applicable for one Creation Unit is charged for creations outside the DIAMONDS Clearing Process, in part due to the increased expense associated with settlement.

The Trustee, at the direction of the Sponsor, may increase*, reduce or waive the Transaction Fee (and/or the additional amounts charged in connection with creations and/or redemptions outside the DIAMONDS Clearing Process) for certain lot-size creations and/or redemptions of Creation Units. The Sponsor has the right to vary the lot-size of Creation Units subject to such an increase, reduction or waiver. The existence of any such variation shall be disclosed in the then current DIAMONDS Prospectus.

The DJIA is a price-weighted stock index; that is, the component stocks of the DJIA are represented in exactly equal share amounts and therefore are accorded relative importance in the DJIA based on their prices. The shares of common stock of the stock portion of a Portfolio Deposit on any date of deposit will reflect the composition of the component stocks of the DJIA on such day. The portfolio of Index Securities that is the basis for a Portfolio Deposit varies as changes are made in the composition of the Index Securities. Further, the Trustee is permitted to take account of changes to the identity or weighting of any Index Security resulting from a change to the Index by making a corresponding adjustment to the Portfolio Deposit on the day prior to the day on which the change to the DJIA takes effect.

* Such increase is subject to the 10 Basis Point Limit.

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The Trustee makes available to NSCC** before the commencement of trading on each Business Day a list of the names and required number of shares of each of the Index Securities in the current Portfolio Deposit as well as the amount of the Dividend Equivalent Payment for the previous Business Day. Under certain extraordinary circumstances which may make it impossible for the Trustee to provide such information to NSCC on a given Business Day, NSCC shall use the information regarding the identity of the Index Securities of the Portfolio Deposit on the previous Business Day. The identity of each Index Security required for a Portfolio Deposit, as in effect on October 31, 2008, is set forth in the above Schedule of Investments. The Sponsor makes available (a) on each Business Day, the Dividend Equivalent Payment effective through and including the previous Business Day, per outstanding DIAMONDS unit, and (b) every 15 seconds throughout the day at the Exchange a number representing, on a per DIAMONDS unit basis, the sum of the Dividend Equivalent Payment effective through and including the previous Business Day, plus the current value of the securities portion of a Portfolio Deposit as in effect on such day (which value may occasionally include a cash in lieu amount to compensate for the omission of a particular Index Security from such Portfolio Deposit). Such information is calculated based upon the best information available to the Sponsor and may be calculated by other persons designated to do so by the Sponsor. The inability of the Sponsor to provide such information will not in itself result in a halt in the trading of DIAMONDS on the Exchange.

Upon receipt of one or more Portfolio Deposits, following placement with the Distributor of an order to create DIAMONDS, the Trustee (a) delivers one or more Creation Units to DTC, (b) removes the DIAMONDS unit position from its account at DTC and allocates it to the account of the DTC Participant acting on behalf of the investor creating Creation Unit(s), (c) increases the aggregate value of the Portfolio, and (d) decreases the fractional undivided interest in the Trust represented by each DIAMONDS unit.

Under certain circumstances, (a) a portion of the stock portion of a Portfolio Deposit may consist of contracts to purchase certain Index Securities or (b) a portion of the Cash Component may consist of cash in an amount required to enable the Trustee to purchase such Index Securities. If there is a failure to deliver Index Securities that are the subject of such contracts to purchase, the Trustee will acquire such Index Securities in a timely manner. To the extent the price of any such Index Security increases or decreases between the time of creation and the time of its purchase and delivery, DIAMONDS will represent fewer or more shares of such

** As of December 31, 2008, the Depository Trust and Clearing Corporation (DTCC) owned 100% of the issued and outstanding shares of common stock of NSCC. Also, as of such date, NYSE Euronext, the parent company of the Sponsor, and its affiliates collectively owned less than 0.3% of the issued and outstanding shares of common stock of DTCC (DTCC Shares), and the Trustee owned 6.2% of DTCC Shares.

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Index Security. Therefore, price fluctuations during the period from the time the cash is received by the Trustee to the time the requisite Index Securities are purchased and delivered will affect the value of all DIAMONDS.

Procedures for Creation of Creation Units

All creation orders must be placed in Creation Units and must be received by the Distributor by no later than the closing time of the regular trading session on the NYSE (Closing Time) (ordinarily 4:00 p.m. New York time) in each case on the date such order is placed in order for creation to be effected based on the NAV of the Trust as determined on such date. Orders must be transmitted by telephone, through the Internet or other transmission methods acceptable to the Distributor and the Trustee, pursuant to procedures set forth in the Participant Agreement and described in this prospectus. In addition, orders submitted through the Internet must also comply with the terms and provisions of the State Street Fund Connect Buy-Side User Agreement and other applicable agreements and documents, including but not limited to the applicable Fund Connect User Guide or successor documents. Severe economic or market disruptions or changes, or telephone or other communication failure, may impede the ability to reach the Distributor, the Trustee, a Participating Party or a DTC Participant.

DIAMONDS may be created in advance of receipt by the Trustee of all or a portion of the Portfolio Deposit. In these circumstances, the initial deposit has a value greater than the NAV of the DIAMONDS on the date the order is placed in proper form, because in addition to available Index Securities, cash collateral must be deposited with the Trustee in an amount equal to the sum of (a) the Cash Component, plus (b) 115% of the market value of the undelivered Index Securities (Additional Cash Deposit). The Trustee holds such Additional Cash Deposit as collateral in an account separate and apart from the Trust. The order is deemed received on the Business Day on which the order is placed if the order is placed in proper form before the Closing Time, on such date and federal funds in the appropriate amount are deposited with the Trustee by 11:00 a.m., New York time, the next Business Day.

If the order is not placed in proper form by the Closing Time or federal funds in the appropriate amount are not received by 11:00 a.m. New York time on the next Business Day, the order may be deemed to be rejected and the investor shall be liable to the Trust for any losses, resulting therefrom. An additional amount of cash must be deposited with the Trustee, pending delivery of the missing Index Securities to the extent necessary to maintain the Additional Cash Deposit with the Trustee in an amount at least equal to 115% of the daily mark-to-market value of the missing Index Securities. If missing Index Securities are not received by 1:00 p.m., New York time, on the third Business Day following the day on which the purchase order is deemed received and if a mark-to-market payment is not made within one Business Day following notification by the Distributor that such a payment is required, the Trustee may use the Additional Cash Deposit to purchase the missing Index Securities of the Portfolio Deposit. The Trustee will return any unused portion of the Additional Cash

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Deposit once all of the missing Index Securities have been properly received or purchased by the Trustee and deposited into the Trust. In addition, a Transaction Fee of $4,000 is charged in all cases. The delivery of Creation Units so created will occur no later than the third (3rd) Business Day following the day on which the purchase order is deemed received. The Participant Agreement for any Participating Party intending to follow these procedures contains terms and conditions permitting the Trustee to buy the missing portion(s) of the Portfolio Deposit at any time and will subject the Participating Party to liability for any shortfall between the cost to the Trust of purchasing such stocks and the value of such collateral. The Participating Party is liable to the Trust for the costs incurred by the Trust in connection with any such purchases. The Trust will have no liability for any such shortfall.

All questions as to the number of shares of each Index Security, the amount of the Cash Component and the validity, form, eligibility (including time of receipt) and acceptance for deposit of any Index Securities to be delivered are resolved by the Trustee. The Trustee may reject a creation order if (a) the depositor or group of depositors, upon obtaining the DIAMONDS ordered, would own 80% or more of the current outstanding DIAMONDS, (b) the Portfolio Deposit is not in proper form; (c) acceptance of the Portfolio Deposit would have certain adverse tax consequences; (d) the acceptance of the Portfolio Deposit would, in the opinion of counsel, be unlawful; (e) the acceptance of the Portfolio Deposit would otherwise have an adverse effect on the Trust or the rights of Beneficial Owners; or (f) circumstances outside the control of the Trustee make it for all practical purposes impossible to process creations of DIAMONDS. The Trustee and the Sponsor are under no duty to give notification of any defects or irregularities in the delivery of Portfolio Deposits or any component thereof and neither of them shall incur any liability for the failure to give any such notification.

Placement of Creation Orders Using DIAMONDS Clearing Process

Creation Units created through the DIAMONDS Clearing Process must be delivered through a Participating Party that has executed a Participant Agreement. The Participant Agreement authorizes the Trustee to transmit to the Participating Party such trade instructions as are necessary to effect the creation order. Pursuant to the trade instructions from the Trustee to NSCC, the Participating Party agrees to transfer the requisite Index Securities (or contracts to purchase such Index Securities that are expected to be delivered through the DIAMONDS Clearing Process in a regular way manner by the third NSCC Business Day) and the Cash Component to the Trustee, together with such additional information as may be required by the Trustee.

Placement of Creation Orders Outside DIAMONDS Clearing Process

Creation Units created outside the DIAMONDS Clearing Process must be delivered through a DTC Participant that has executed a Participant Agreement and has stated in its order that it is not using the DIAMONDS Clearing Process and that creation will instead be effected through a transfer of stocks and cash. The requisite number of Index Securities must be delivered through DTC to the account of the Trustee by no later than 11:00 a.m. of the next Business Day immediately following the Transmittal Date. The Trustee, through the Federal Reserve Bank wire transfer system, must receive the Cash Component no later than 2:00 p.m. on the next Business Day immediately following the Transmittal Date. If the Trustee does not receive both the requisite Index Securities and the Cash Component in a timely fashion, the order will be cancelled. Upon written notice to the Distributor, the cancelled order may be resubmitted the following Business Day using a Portfolio Deposit as newly constituted to reflect the current NAV of the Trust. The delivery of DIAMONDS so created will occur no later than the third (3rd) Business Day following the day on which the creation order is deemed received by the Distributor.

Securities Depository; Book-Entry-Only System

DTC acts as securities depository for DIAMONDS. DIAMONDS are represented by one or more global securities, registered in the name of Cede & Co., as nominee for DTC and deposited with, or on behalf of, DTC.

DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC* was created to hold securities of its participants (DTC Participants) and to facilitate the clearance and settlement of securities transactions among the DTC Participants through electronic book-entry changes in their accounts, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system also is available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (Indirect Participants).

Upon the settlement date of any creation, transfer or redemption of DIAMONDS, DTC credits or debits, on its book-entry registration and transfer system, the amount of DIAMONDS so created, transferred or redeemed to the accounts of the appropriate DTC Participants. The accounts to be credited and charged are designated by the Trustee to NSCC, in the case of a creation or redemption through the DIAMONDS Clearing Process, or by the Trustee and the DTC Participant, in the case of a creation or redemption outside of the DIAMONDS Clearing Process. Beneficial ownership of DIAMONDS is limited to DTC Participants, Indirect Participants and persons holding interests through DTC Participants and Indirect Participants. Ownership of beneficial interests in DIAMONDS (owners of such beneficial interests are

* As of December 31, 2008, DTCC owned 100% of the issued and outstanding shares of the common stock of DTC.

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referred to herein as Beneficial Owners) is shown on, and the transfer of ownership is effected only through, records maintained by DTC (with respect to DTC Participants) and on the records of DTC Participants (with respect to Indirect Participants and Beneficial Owners that are not DTC Participants). Beneficial Owners are expected to receive from or through the DTC Participant a written confirmation relating to their purchase of DIAMONDS. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability of certain investors to acquire beneficial interests in DIAMONDS.

As long as Cede & Co., as nominee of DTC, is the registered owner of DIAMONDS, references to the registered or record owner of DIAMONDS shall mean Cede & Co. and shall not mean the Beneficial Owners of DIAMONDS. Beneficial Owners of DIAMONDS are not entitled to have DIAMONDS registered in their names, will not receive or be entitled to receive physical delivery of certificates in definitive form and will not be considered the record or registered holders thereof under the Trust Agreement. Accordingly, each Beneficial Owner must rely on the procedures of DTC, the DTC Participant and any Indirect Participant through which such Beneficial Owner holds its interests, to exercise any rights under the Trust Agreement.

The Trustee recognizes DTC or its nominee as the owner of all DIAMONDS for all purposes except as expressly set forth in the Trust Agreement. Pursuant to the agreement between the Trustee and DTC (Depository Agreement), DTC is required to make available to the Trustee upon request and for a fee to be charged to the Trust a listing of the DIAMONDS holdings of each DTC Participant. The Trustee inquires of each such DTC Participant as to the number of Beneficial Owners holding DIAMONDS, directly or indirectly, through the DTC Participant. The Trustee provides each such DTC Participant with copies of such notice, statement or other communication, in the form, number and at the place as the DTC Participant may reasonably request, in order that the notice, statement or communication may be transmitted by the DTC Participant, directly or indirectly, to the Beneficial Owners. In addition, the Trust pays to each such DTC Participant a fair and reasonable amount as reimbursement for the expense attendant to such transmittal, all subject to applicable statutory and regulatory requirements.

Distributions are made to DTC or its nominee, Cede & Co. DTC or Cede & Co., upon receipt of any payment of distributions in respect of DIAMONDS, is required immediately to credit DTC Participants accounts with payments in amounts proportionate to their respective beneficial interests in DIAMONDS, as shown on the records of DTC or its nominee. Payments by DTC Participants to Indirect Participants and Beneficial Owners of DIAMONDS held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in a street name, and will be the responsibility of such DTC Participants. Neither the Trustee nor the Sponsor has or will have any responsibility or liability for any aspects of the records relating to or notices to Beneficial Owners, or payments made on account of beneficial ownership interests in DIAMONDS, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between DTC and the DTC Participants or the relationship between such DTC Participants and the Indirect Participants and Beneficial Owners owning through such DTC Participants.

DTC may discontinue providing its service with respect to DIAMONDS at any time by giving notice to the Trustee and the Sponsor and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Trustee and the Sponsor shall take action either to find a replacement for DTC to perform its functions at a comparable cost or, if such a replacement is unavailable, to terminate the Trust.

REDEMPTION OF DIAMONDS

DIAMONDS are redeemable only in Creation Units. Creation Units are redeemable in kind only and are not redeemable for cash except as described under Summary Highlights Termination of the Trust.

Procedures for Redemption of Creation Units

Redemption orders must be placed with a Participating Party (for redemptions through the DIAMONDS Clearing Process) or DTC Participant (for redemptions outside the DIAMONDS Clearing Process), as applicable, in the form required by such Participating Party or DTC Participant. A particular broker may not have executed a Participant Agreement, and redemption orders may have to be placed by the broker through a Participating Party or a DTC Participant who has executed a Participant Agreement. At any given time, there may be only a limited number of broker-dealers that have executed a Participant Agreement. Redeemers should afford sufficient time to permit (a) proper submission of the order by a Participating Party or DTC Participant to the Trustee and (b) the receipt of the DIAMONDS to be redeemed and any Excess Cash Amounts (as defined below) by the Trustee in a timely manner. Orders for redemption effected outside the DIAMONDS Clearing Process are likely to require transmittal by the DTC Participant earlier on the Transmittal Date than orders effected using the DIAMONDS Clearing Process. These deadlines vary by institution. Persons redeeming outside the DIAMONDS Clearing Process are required to transfer DIAMONDS through DTC and the Excess Cash amounts, if any, through the Federal Reserve Bank wire transfer system in a timely manner.

Requests for redemption may be made on any Business Day to the Trustee and not to the Distributor. In the case of redemptions made through the DIAMONDS Clearing Process, the Transaction Fee is deducted from the amount delivered to the redeemer. In the case of redemptions outside the DIAMONDS Clearing Process, the Transaction Fee plus an additional amount not to exceed three (3) times the

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Transaction Fee applicable for one Creation Unit per Creation Unit redeemed, and such amount is deducted from the amount delivered to the redeemer.

The Trustee transfers to the redeeming Beneficial Owner via DTC and the relevant DTC Participant(s) a portfolio of stocks for each Creation Unit delivered, generally identical in weighting and composition to the stock portion of a Portfolio Deposit as in effect (a) on the date a request for redemption is deemed received by the Trustee or (b) in the case of the termination of the Trust, on the date that notice of the termination of the Trust is given. The Trustee also transfers via the relevant DTC Participant(s) to the redeeming Beneficial Owner a Cash Redemption Payment, which on any given Business Day is an amount identical to the amount of the Cash Component and is equal to a proportional amount of the following: dividends on the Portfolio Securities for the period through the date of redemption, net of expenses and liabilities for such period including, without limitation, (i) taxes or other governmental charges against the Trust not previously deducted if any, and (ii) accrued fees of the Trustee and other expenses of the Trust, as if the Portfolio Securities had been held for the entire accumulation period for such distribution, plus or minus the Balancing Amount. The redeeming Beneficial Owner must deliver to the Trustee any amount by which the amount payable to the Trust by such Beneficial Owner exceeds the amount of the Cash Redemption Payment (Excess Cash Amounts). For redemptions through the DIAMONDS Clearing Process, the Trustee effects a transfer of the Cash Redemption Payment and stocks to the redeeming Beneficial Owner by the third (3rd) NSCC Business Day following the date on which request for redemption is deemed received. For redemptions outside the DIAMONDS Clearing Process, the Trustee transfers the Cash Redemption Payment and the stocks to the redeeming Beneficial Owner by the third (3rd) Business Day following the date on which the request for redemption is deemed received. The Trustee will cancel all DIAMONDS delivered upon redemption.

If the Trustee determines that an Index Security is likely to be unavailable or available in insufficient quantity for delivery by the Trust upon redemption, the Trustee may elect to deliver the cash equivalent value of any such Index Securities, based on its market value as of the Evaluation Time on the date such redemption is deemed received by the Trustee as a part of the Cash Redemption Payment in lieu thereof.

If a redeemer is restricted by regulation or otherwise from investing or engaging in a transaction in one or more Index Securities, the Trustee may elect to deliver the cash equivalent value based on the market value of any such Index Securities as of the Evaluation Time on the date of the redemption as a part of the Cash Redemption Payment in lieu thereof. In such case, the investor will pay the Trustee the standard Transaction Fee, and may pay an additional amount equal to the actual amounts incurred in connection with such transaction(s) but in any case not to exceed three (3) times the Transaction Fee applicable for one Creation Unit.

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The Trustee upon the request of a redeeming investor, may elect to redeem Creation Units in whole or in part by providing such redeemer, with a portfolio of stocks differing in exact composition from Index Securities but not differing in NAV from the then-current Portfolio Deposit. Such a redemption is likely to be made only if it were determined that it would be appropriate in order to maintain the Trust s correspondence to the composition and weighting of the DJIA Index.

The Trustee may sell Portfolio Securities to obtain sufficient cash proceeds to deliver to the redeeming Beneficial Owner. To the extent cash proceeds are received by the Trustee in excess of the required amount, such cash proceeds shall be held by the Trustee and applied in accordance with the guidelines applicable to residual cash set forth under The Portfolio Portfolio Securities Conform to the DJIA .

All redemption orders must be transmitted to the Trustee by telephone or other transmission method acceptable to the Trustee so as to be received by the Trustee not later than the Closing Time on the Transmittal Date, pursuant to procedures set forth in the Participant Agreement. Severe economic or market disruption or changes, or telephone or other communication failure, may impede the ability to reach the Trustee, a Participating Party, or a DTC Participant.

The calculation of the value of the stocks and the Cash Redemption Payment to be delivered to the redeeming Beneficial Owner is made by the Trustee according to the procedures set forth under Valuation and is computed as of the Evaluation Time on the Business Day on which a redemption order is deemed received by the Trustee. Therefore, if a redemption order in proper form is submitted to the Trustee by a DTC Participant not later than the Closing Time on the Transmittal Date, and the requisite DIAMONDS are delivered to the Trustee prior to DTC Cut-Off Time on such Transmittal Date, then the value of the stocks and the Cash Redemption Payment to be delivered to the Beneficial Owner is determined by the Trustee as of the Evaluation Time on such Transmittal Date. If, however, a redemption order is submitted not later than the Closing Time on a Transmittal Date but either (a) the requisite DIAMONDS are not delivered by DTC Cut-Off Time on the next Business Day immediately following such Transmittal Date or (b) the redemption order is not submitted in proper form, then the redemption order is not deemed received as of such Transmittal Date. In such case, the value of the stocks and the Cash Redemption Payment to be delivered to the Beneficial Owner is computed as of the Evaluation Time on the Business Day that such order is deemed received by the Trustee, *i.e.*, the Business Day on which the DIAMONDS are delivered through DTC to the Trustee by DTC Cut-Off Time on such Business Day pursuant to a properly submitted redemption order.

The Trustee may suspend the right of redemption, or postpone the date of payment of the NAV for more than five (5) Business Days following the date on which the request for redemption is deemed received by the Trustee (a) for any period during which the NYSE is closed, (b) for any period during which an emergency exists as a result of which disposal or evaluation of the Portfolio Securities is not

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reasonably practicable, (c) or for such other period as the SEC may by order permit for the protection of Beneficial Owners. Neither the Sponsor nor the Trustee is liable to any person or in any way for any loss or damages that may result from any such suspension or postponement.

Placement of Redemption Orders Using DIAMONDS Clearing Process

A redemption order made through the DIAMONDS Clearing Process is deemed received on the Transmittal Date if (a) such order is received by the Trustee not later than the Closing Time on such Transmittal Date and (b) all other procedures set forth in the Participant Agreement are properly followed. The order is effected based on the NAV of the Trust as determined as of the Evaluation Time on the Transmittal Date. A redemption order made through the DIAMONDS Clearing Process and received by the Trustee after the Closing Time will be deemed received on the next Business Day immediately following the Transmittal Date. The Participant Agreement authorizes the Trustee to transmit to NSCC on behalf of the Participating Party such trade instructions as are necessary to effect the Participating Party s redemption order. Pursuant to such trade instructions from the Trustee to NSCC, the Trustee transfers the requisite stocks (or contracts to purchase such stocks which are expected to be delivered in a regular way manner) by the third (3rd) NSCC Business Day following the date on which the request for redemption is deemed received, and the Cash Redemption Payment.

Placement of Redemption Orders Outside DIAMONDS Clearing Process

A DTC Participant who wishes to place an order for redemption of DIAMONDS to be effected outside the DIAMONDS Clearing Process need not be a Participating Party, but its order must state that the DTC Participant is not using the DIAMONDS Clearing Process and that redemption will instead be effected through transfer of DIAMONDS directly through DTC. An order is deemed received by the Trustee on the Transmittal Date if (a) such order is received by the Trustee not later than the Closing Time on such Transmittal Date, (b) such order is preceded or accompanied by the requisite number of DIAMONDS specified in such order, which delivery must be made through DTC to the Trustee no later than 11:00 a.m. on the next Business Day immediately following such Transmittal Date (DTC Cut-Off Time) and (c) all other procedures set forth in the Participant Agreement are properly followed. Any Excess Cash Amounts owed by the Beneficial Owner must be delivered no later than 2:00 p.m. on the next Business Day immediately following the Transmittal Date.

The Trustee initiates procedures to transfer the requisite stocks (or contracts to purchase such stocks that are expected to be delivered within three Business Days and the Cash Redemption Payment to the redeeming Beneficial Owner by the third Business Day following the Transmittal Date.

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THE PORTFOLIO

Because the objective of the Trust is to provide investment results that, before expenses, generally correspond to the price and yield performance of the DJIA, the Portfolio at any time will consist of as many of Index Securities as is practicable. It is anticipated that cash or cash items (other than dividends held for distribution) normally would not be a substantial part of the Trust s net assets. Although the Trust may at any time fail to own certain of Index Securities, the Trust will be substantially invested in Index Securities and the Sponsor believes that such investment should result in a close correspondence between the investment performance of the DJIA and that derived from ownership of DIAMONDS.

Portfolio Securities Conform to the DJIA

The DJIA is a price-weighted index of 30 component common stocks, the components of which are determined by the editors of *The Wall Street Journal,* without any consultation with the companies, the respective stock exchange or any official agency.

The Trust is not managed and therefore the adverse financial condition of an issuer does not require the sale of stocks from the Portfolio. The Trustee on a non-discretionary basis adjusts the composition of the Portfolio to conform to changes in the composition and/or weighting structure of Index Securities. To the extent that the method of determining the DJIA is changed by Dow Jones in a manner that would affect the adjustments provided for herein, the Trustee and the Sponsor have the right to amend the Trust Agreement, without the consent of DTC or Beneficial Owners, to conform the adjustments to such changes and to maintain the objective of tracking the DJIA.

The Trustee aggregates certain of these adjustments and makes conforming changes to the Portfolio at least monthly. The Trustee directs its stock transactions only to brokers or dealers, which may include affiliates of the Trustee, from whom it expects to obtain the most favorable prices or execution of orders. Adjustments are made more frequently in the case of significant changes to the DJIA. Specifically, the Trustee is required to adjust the composition of the Portfolio whenever there is a change in the identity of any Index Security (*i.e.*, a substitution of one security for another) within three (3) Business Days before or after the day on which the change is scheduled to take effect. While other DJIA changes may lead to adjustments in the Portfolio, the most common changes are likely to occur as a result of changes in the Index Securities included in the DJIA and as a result of stock splits. The Trust Agreement sets forth the method of adjustments which may occur thereunder as a result of corporate actions to the DJIA, such as stock splits or changes in the identity of the component stocks.

For example, in the event of an Index Security change (in which the common stock of one issuer held in the DJIA is replaced by the common stock of another), the Trustee may sell all shares of the Portfolio Security corresponding to the old Index

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Security and use the proceeds of such sale to purchase the replacement Portfolio Security corresponding to the new Index Security. If the share price of the removed Portfolio Security was higher than the price of its replacement, the Trustee will calculate how to allocate the proceeds of the sale of the removed Portfolio Security between the purchase of its replacement and purchases of additional shares of other Portfolio Securities so that the number of shares of each Portfolio Security after the transactions would be as nearly equal as practicable. If the share price of the removed Portfolio Security was lower than the price of its replacement, the Trustee will calculate the number of shares of each of the other Portfolio Securities that must be sold in order to purchase enough shares of the replacement Portfolio Security so that the number of shares of each Portfolio Security after the transactions would be as nearly equal as practicable.

In the event of a stock split, the price weighting of the stock which is split will drop. The Trustee may make the corresponding adjustment by selling the additional shares of the Portfolio Security received from the stock split. The Trustee may then use the proceeds of the sale to buy an equal number of shares of each Portfolio Security-including the Portfolio Security which had just experienced a stock split. In practice, of course, not all the shares received in the split would be sold: enough of those shares would be retained to make an increase in the number of split shares equal to the increase in the number of shares in each of the other Portfolio Securities purchased with the proceeds of the sale of the remaining shares resulting from such split.

As a result of the purchase and sale of stock in accordance with these requirements, or the creation of Creation Units, the Trust may hold some amount of residual cash (other than cash held temporarily due to timing differences between the sale and purchase of stock or cash delivered in lieu of Index Securities or undistributed income or undistributed capital gains). This amount may not exceed for more than two (2) consecutive Business Days 5/10th of 1 percent of the value of the Portfolio. If the Trustee has made all required adjustments and is left with cash in excess of 5/10th of 1 percent of the value of the Portfolio, the Trustee will use such cash to purchase additional Index Securities.

All portfolio adjustments are made as described herein unless such adjustments would cause the Trust to lose its status as a regulated investment company under Subchapter M of the Code. Additionally, the Trustee is required to adjust the composition of the Portfolio at any time to insure the continued qualification of the Trust as a regulated investment company.

The Trustee relies on Dow Jones for information as to the composition and weightings of Index Securities. If the Trustee becomes incapable of obtaining or processing such information or NSCC is unable to receive such information from the Trustee on any Business Day, the Trustee shall use the composition and weightings of Index Securities for the most recently effective Portfolio Deposit for the purposes of all adjustments and determinations (including, without limitation, determination of

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the stock portion of the Portfolio Deposit) until the earlier of (a) such time as current information with respect to Index Securities is available or (b) three (3) consecutive Business Days have elapsed. If such current information is not available and three (3) consecutive Business Days have elapsed, the composition and weightings of Portfolio Securities (as opposed to Index Securities) shall be used for the purposes of all adjustments and determinations (including, without limitation, determination of the stock portion of the Portfolio Deposit) until current information with respect to Index Securities is available.

If the Trust is terminated, the Trustee shall use the composition and weightings of Portfolio Securities as of such notice date for the purpose and determination of all redemptions or other required uses of the basket.

From time to time Dow Jones may adjust the composition of the DJIA because of a merger or acquisition involving one or more Index Securities. In such cases, the Trust, as shareholder of an issuer that is the object of such merger or acquisition activity, may receive various offers from would-be acquirors of the issuer. The Trustee is not permitted to accept any such offers until such time as it has been determined that the stocks of the issuer will be removed from the DJIA. As stocks of an issuer are often removed from the DJIA only after the consummation of a merger or acquisition of such issuer, in selling the securities of such issuer the Trust may receive, to the extent that market prices do not provide a more attractive alternative, whatever consideration is being offered to the shareholders of such issuer that have not tendered their shares prior to such time. Any cash received in such transactions is reinvested in Index Securities in accordance with the criteria set forth above.

Any stocks received as a part of the consideration that are not Index Securities are sold as soon as practicable and the cash proceeds of such sale are reinvested in accordance with the criteria set forth above.

Adjustments to the Portfolio Deposit

On each Business Day (each such day an Adjustment Day), the number of shares and identity of each Index Security in a Portfolio Deposit are adjusted in accordance with the following procedure. At the close of the market the Trustee calculates the NAV of the Trust. The NAV is divided by the number of outstanding DIAMONDS multiplied by 50,000 DIAMONDS in one Creation Unit, resulting in a NAV per Creation Unit (NAV Amount). The Trustee then calculates the number of shares (without rounding) of each of the component stocks of the DJIA in a Portfolio Deposit for the following Business Day (Request Day), so that (a) the market value at the close of the market on the Adjustment Day of the stocks to be included in the Portfolio Deposit on Request Day, together with the Dividend Equivalent Payment effective for requests to create or redeem on the Adjustment Day, equals the NAV Amount and (b) the identity and weighting of each of the stocks in a Portfolio Deposit mirrors proportionately the identity and weightings of the stocks in the DJIA, each as in effect on Request Day. For each stock, the number resulting from such calculation

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is rounded down to the nearest whole share. The identities and weightings of the stocks so calculated constitute the stock portion of the Portfolio Deposit effective on Request Day and thereafter until the next subsequent Adjustment Day, as well as Portfolio Securities to be delivered by the Trustee in the event of request for redemption on the Request Day and thereafter until the following Adjustment Day.

In addition to the foregoing adjustments, if a corporate action such as a stock split, stock dividend or reverse split occurs with respect to any Index Security that results in an adjustment to the DJIA divisor, the Portfolio Deposit shall be adjusted to take into account the corporate action in each case rounded to the nearest whole share. Further, the Trustee is permitted to take account of changes to the identity or weighting of any Index Security resulting from a change to the Index by making a corresponding adjustment to the Portfolio Deposit on the day prior to the day on which the change to the DJIA takes effect.

On the Request Day and on each day that a request for the creation or redemption is deemed received, the Trustee calculates the market value of the stock portion of the Portfolio Deposit as in effect on the Request Day as of the close of the market and adds to that amount the Dividend Equivalent Payment effective for requests to create or redeem on Request Day (such market value and Dividend Equivalent Payment are collectively referred to herein as Portfolio Deposit Amount). The Trustee then calculates the NAV Amount, based on the close of the market on the Request Day. The difference between the NAV Amount so calculated and the Portfolio Deposit Amount is the Balancing Amount . The Balancing Amount serves the function of compensating for any differences between the value of the Portfolio Deposit Amount and the NAV Amount at the close of trading on Request Day due to, for example, (a) differences in the market value of the securities in the Portfolio Deposit and the market value of the Securities on Request Day and (b) any variances from the proper composition of the Portfolio Deposit.

The Dividend Equivalent Payment and the Balancing Amount in effect at the close of business on the Request Date are collectively referred to as the Cash Component or the Cash Redemption Payment. If the Balancing Amount is a positive number (*i.e.*, if the NAV Amount exceeds the Portfolio Deposit Amount) then, with respect to creation, the Balancing Amount increases the Cash Component of the then effective Portfolio Deposit transferred to the Trustee by the creator. With respect to redemptions, the Balancing Amount is added to the cash transferred to the redeemer by the Trustee. If the Balancing Amount is a negative number (*i.e.*, if the NAV Amount is less than the Portfolio Deposit Amount) then, with respect to creation, this amount decreases the Cash Component of the then effective Portfolio Deposit to be transferred to the Trustee by the creator or, if such cash portion is less than the Balancing Amount, the difference must be paid by the Trustee to the creator. With respect to redemptions, the Balancing Amount is deducted from the cash transferred to the redeemer or, if such cash is less than the Balancing Amount, the difference must be paid by the redeemer to the Trustee.

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If the Trustee has included the cash equivalent value of one or more Index Securities in the Portfolio Deposit because the Trustee has determined that such Index Securities are likely to be unavailable or available in insufficient quantity for delivery, or if a creator or redeemer is restricted from investing or engaging in transactions in one or more of such Index Securities, the Portfolio Deposit so constituted shall determine the Index Securities to be delivered in connection with the creation of DIAMONDS in Creation Unit size aggregations and upon the redemption of DIAMONDS until the time the stock portion of the Portfolio Deposit is subsequently adjusted.

THE DJIA

The DJIA was first published in 1896. Initially comprised of 12 companies, the DJIA has evolved into the most recognizable stock indicator in the world, and the only index composed of companies that have sustained earnings performance over a significant period of time. In its second century, the DJIA is the oldest continuous barometer of the U.S. stock market, and the most widely quoted indicator of U.S. stock market activity.

The 30 stocks now comprising the DJIA are all leaders in their respective industries, and their stocks are widely held by individuals and institutional investors. These stocks represent more than one-quarter of the $14.4 trillion market value of all US common stocks.

Dow Jones is not responsible for and shall not participate in the creation or sale of DIAMONDS or in the determination of the timing of, prices at, or quantities and proportions in which purchases or sales of Index Securities or Securities shall be made. The information in this Prospectus concerning Dow Jones and the DJIA has been obtained from sources that the Sponsor believes to be reliable, but the Sponsor takes no responsibility for the accuracy of such information.

The following table shows the actual performance of the DJIA for the years 1896 through 2008. Stock prices fluctuated widely during this period and were higher at the end than at the beginning. The results shown should not be considered as a representation of the income yield or capital gain or loss that may be generated by the DJIA in the future, nor should the results be considered as a representation of the performance of the Trust.

Year Ended	DJIA Close	Point Change	Year % Change	Divs	% Yield
2008	8776.39	−4488.42	−33.84%	316.40	3.61%
2007	13264.82	801.67	6.43	298.97	2.35
2006	12463.15	1745.65	16.29	267.75	2.24
2005	10717.50	−65.51	−.61	246.85	2.30
2004	10783.01	329.09	3.15	239.27	2.22
2003	10453.92	2112.29	25.32	209.42	2.00
2002	8341.63	−1679.87	−16.76	189.68	2.27
2001	10021.50	−765.35	−7.10	181.07	1.81

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Year Ended	DJIA Close	Point Change	Year % Change	Divs	% Yield
2000	10786.85	–710.27	–6.18	172.08	1.60
1999	11497.12	2315.69	25.20	168.52	1.47
1998	9181.43	1273.18	16.10	151.13	1.65
1997	7908.25	1459.98	22.60	136.10	1.72
1996	6448.27	1331.20	26.00	131.14	2.03
1995	5117.12	1282.70	33.50		