

Information About Your Relationship With Us



**What Relationship and Pricing
Structure Is Appropriate for You?**

How We Charge for Our Services

**Detailed Explanation of Fees for
Selected Investments and Services**

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A Word to Our Clients Inside Back Cover

At UBS, we offer our clients access to some of the world's most powerful financial resources. But the most important resources of all are the ones your Financial Advisor brings to the table each time you meet—listening and understanding. They are the first steps in the disciplined, ongoing process that we call wealth management.

Your Financial Advisor will begin the process by listening to the expert on your situation: you. That's the key to understanding where you are, where you want to be, and your risk tolerance for getting there. After all, a true wealth management plan is one that is designed to help you pursue your individual financial needs.

One of the most important steps in our process is understanding the services we provide and our related fee structure. This brochure helps explain the various ways in which we charge for our products and services and how your Financial Advisor is compensated.

The information in this publication applies to clients of UBS Financial Services Inc., UBS Financial Services Incorporated of Puerto Rico and UBS International Inc. All information is as of January 23, 2007, and is subject to change.

Introduction

We believe that wealth management goes beyond traditional investment strategies. We see it as encompassing your entire investment and financial life—with your Financial Advisor involved every step of the way.

With us, you have access to the resources of the world's largest wealth manager, an award-winning investment bank and a global leader in asset management. An essential element in our approach is to make sure that our clients are informed about the products and services we offer, including their benefits, risks and price. This brochure is designed to provide you with an overview of:

- How we establish and maintain our relationships with clients
- The different ways that clients can conduct business with us
- How we, as a firm, and our Financial Advisors are compensated for our guidance and for providing products and services to you
- The main distinctions between brokerage and investment advisory services and our respective duties and obligations

Our Commitment to Our Clients

Today's investors need more than information. It takes the assistance of a wealth management professional to put that information into context; to know you, your needs and your stage of life; and to determine which strategies complement your goals. Our Financial Advisors strive to:

- Understand your individual needs, goals and tolerance for risk, so that you will feel confident in the financial decisions you make
- Recommend and present wealth management solutions that are designed to help pursue your investment and wealth planning needs
- Work closely with you to implement these recommendations
- Adjust these strategies, as appropriate, to suit your changing needs or adapt to economic and market conditions
- Act on your behalf with integrity and respect for your financial needs and concerns

Helping Us to Serve You Better

To provide you with appropriate and suitable wealth management strategies and solutions, we must work together so that we understand your individual financial circumstances and goals. This requires clear and open communication between you, your Financial Advisor and our Firm.

That's why we ask you to:

- Provide us with a full picture of your financial situation, goals and needs, along with any updates, so that your Financial Advisor can make appropriate recommendations
- Read all important disclosure statements before investing or borrowing funds, so that you understand the risks, and ask questions if you need to
- Inform us promptly of any service issue you may have by contacting your Financial Advisor or the Branch Manager of the office serving you

Your Rights as Our Client

- A relationship with a Financial Advisor who understands your goals, objectives, investment time horizon and tolerance for risk
- Wealth management products designed to help you pursue your individual needs
- Disclosure of risks, costs and how our Firm and your Financial Advisor are compensated
- Timely and accurate reporting about your accounts and transactions
- Courteous service from all UBS personnel
- Prompt resolution of grievances and errors
- Strict confidentiality and privacy about your personal and financial information

What Relationship and Pricing Structure Is Appropriate for You?

No single approach to wealth management suits every investor. We offer a variety of ways that you can work with your Financial Advisor and do business with us.

The retail client relationships we offer can be divided into two broad styles with different pricing methods: transaction-based and asset-based. You may prefer one or the other—or a combination of both.

Transaction-Based Account Relationship and Pricing

With this account relationship, clients pay for the services they request, such as buying and selling stocks, bonds and mutual funds, and trading and exercising options. Payment may be in the form of commissions or other fees for each transaction, or as deferred sales charges or built-in expenses in products such as mutual funds and variable annuities. Clients can conduct transaction-based business with us through investment, education savings, retirement, trust and other accounts we offer.

Annuities and insurance are made available by our insurance-licensed subsidiaries through third-party insurance companies unaffiliated with us. We also offer credit lines and mortgages provided by our affiliates, UBS Bank USA and UBS AG, Tampa Branch dba UBS Mortgage.

Asset-Based Account Relationship and Pricing

In asset-based relationships, clients pay fees on a quarterly basis rather than commissions on transactions. These fees may cover a variety of services and are based primarily on the amount of eligible assets in the account (and sometimes on the total amount of business a client's household conducts with our Firm).

Our asset-based accounts can be divided into three distinct categories:

1. Client-directed advisory accounts.
2. Discretionary portfolio management, in which qualified Financial Advisors or UBS Portfolio

Managers make investment decisions.

3. Investment management consulting, where assets are invested in a mutual fund asset-allocation program, or where assets are managed by affiliated and/or nonaffiliated investment managers. Financial Advisors guide clients through investor profiling, asset allocation and ongoing consultation and evaluation.

Some common wealth management solutions that are not included in asset-based accounts, and therefore carry separate charges, include our lending programs (i.e., mortgages and other loans), as well as insurance products.

Material Distinctions in Our Duties and Obligations as Investment Adviser and Broker-Dealer

Our clients work with their Financial Advisors to determine the services that are most appropriate given their goals and circumstances. Based on the services you request, we can fulfill your wealth management needs in our capacity as an investment adviser, as a broker-dealer, or as both. For example, we offer financial planning as an advisory service.¹ Once we deliver a financial plan to you, you can decide whether to implement the financial plan via brokerage accounts, advisory programs or a combination, depending on your needs and preferences. Most of our Financial Advisors are qualified and licensed to provide both brokerage as well as advisory services, depending on the services a client has requested.

It is important to understand that investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contracts with you. While there are similarities among the brokerage and advisory services we provide, depending on the capacity in which we act, our contractual relationship and legal duties to you are subject to a number of important differences.

¹ For clients of UBS International Inc. only: We may introduce clients to the estate, financial planning and trust services provided by certain affiliates, such as our parent company, UBS AG. Additionally, we may use tools developed by other affiliates to help our clients decide how to allocate their assets, determine their risk tolerance, make their investment decisions or help provide them with access to a financial plan.

Our Services as an Investment Adviser and Relationship With You

We offer a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including comprehensive financial planning, discretionary account management, nondiscretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs.

Generally, when we act as your investment adviser, we will enter into a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provide detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

Our Fiduciary Responsibilities as an Investment Adviser

As your investment adviser, we are considered to have a fiduciary relationship with you and are held to legal standards under the Investment Advisers Act of 1940 and state laws, where applicable, that reflect this high standard. These standards include:

- Obligations to disclose to you all material conflicts between our interests and your interests.
- If we or our affiliates receive additional compensation from you or a third party as a result of our relationship with you, we must disclose that to you.
- We must obtain your informed consent before engaging in transactions with you for our own account or that of an affiliate or another client when we act in an advisory capacity.

- We must treat you and our other advisory clients fairly and equitably and cannot unfairly advantage one client to the disadvantage of another.
- The investment decisions or recommendations we make for you must be suitable and appropriate for you and consistent with your investment objectives and goals and any restrictions you have placed on us.
- We must act in what we reasonably believe to be your best interests and in the event of a conflict of interest, we must place your interests before our own.

Our Services as a Broker-Dealer and Relationship With You

As a full-service broker-dealer, our services are not limited to taking customer orders and executing securities transactions. As a broker-dealer, we provide a variety of services relating to investments in securities, including providing investment research, executing trades and providing custody services. We also make recommendations to our brokerage clients about whether to buy, sell or hold securities. We consider these recommendations to be part of our brokerage services and do not charge a separate fee for this advice. Our recommendations must be suitable for each client, in light of the client's particular financial circumstances, goals and tolerance for risk.

Our Financial Advisors can assist clients in identifying overall investment needs and goals and creating investment strategies that are designed to pursue those investment goals. The ongoing advice and service we provide to our clients with respect to their brokerage accounts are an integral part of our services offered as a broker-dealer.

In our capacity as broker-dealer, we do not make investment decisions for clients or manage their accounts on a discretionary basis. We will only buy or sell securities for brokerage clients based on specific directions from you.

Our Responsibilities to You as a Broker-Dealer

When we act as your broker, we are held to the legal standards of the Securities Exchange Act of 1934, the Securities Act of 1933, the rules of self-regulatory organizations such as the National Association of Securities Dealers (NASD) and the New York Stock Exchange² and state laws, where applicable.

- As your broker-dealer, we have a duty to deal fairly with you. Consistent with our duty of fairness, we are obligated to make sure that the prices you receive when we execute transactions for you are reasonable and fair in light of prevailing market conditions and that the commissions and other fees we charge you are not excessive.
- We must have a reasonable basis for believing that any securities recommendations we make to you are suitable and appropriate for you, given your individual financial circumstances, needs and goals.
- We are permitted to trade with you for our own account or for an affiliate or another client and may earn a profit on those trades. When we engage in these trades, we disclose the capacity in which we acted on your confirmation, though we are not required to communicate this or obtain your consent in advance, or to inform you of the profit earned on the trades. When we act as principal for our own account on the other side of a transaction from you, using our own inventory, we will buy a security from or sell a security to you, and seek to make a profit on the trade by charging you a "markup," "markdown" or commission on the price of the security in addition to any "spread" that we earn on a transaction.³

- **It is important to note that when we act as your broker-dealer, we do not enter into a fiduciary relationship with you. Absent special circumstances, we are not held to the same legal standards that apply when we have a fiduciary relationship with you, as we do when providing investment advisory services.**
- Our legal obligations to disclose detailed information to you about the nature and scope of our business, personnel, fees, conflicts between our interests and your interests and other matters are more limited than when we have fiduciary duties with you.

Understanding the ways in which we can conduct business under applicable laws and regulations is essential to the relationship between "You & Us." The investment advisory programs and brokerage accounts we offer differ in other ways than those summarized above. It is important that you carefully read the agreements and disclosures that we provide to you with respect to the products or services under consideration.

If you have questions about the information contained in this brochure, please refer to the contact information on the back cover.

² UBS International Inc. is not a member of the New York Stock Exchange (NYSE) and therefore is not subject to the rules and guidelines of the NYSE.

³ For clients of UBS International Inc. only: We may act as principal for our client accounts by buying and selling on a "riskless principal" basis through our affiliate, UBS Financial Services Inc., acting as a dealer (or principal) as well.

Pricing Decisions: Brokerage vs. Advisory, Transaction vs. Asset-Based

Depending on the specific type of account you have, transactions may be conducted on either a discretionary or nondiscretionary basis. In a discretionary account, a Financial Advisor or outside investment manager makes the investment decisions. In a nondiscretionary account, you make the investment decisions.

- Where we act as brokers for clients—executing transactions for you according to the investment decisions you make—the primary services you pay for are trading and execution, and the advice we provide is incidental.
- Where we act in an advisory capacity in managed accounts, the primary service we provide to you is our advice or the advice of a third-party money manager. In those cases, we charge an explicit fee, based on assets, for that advice.

Clients may purchase many of our products and services in either transaction-based or asset-based accounts, or a combination of both. Advisory services, however, are available predominantly in asset-based fee accounts.

Since the cost of doing business with us depends on each client's wealth management preferences and needs, it may be difficult to compare asset-based and transaction-based relationships solely on the basis of price.

You may pay more or less in an asset-based program than you might otherwise pay if you purchased the services separately. Several factors affect the relative cost of an asset-based program, including:

- Size of the portfolio
- Mix of product types
- Additional administrative or management fees, if any
- Your level of trading
- The actual cost of the services if purchased separately

You should consider the specific features of each product and the effect on your total cost when asset-based fees are applied to certain products, such as mutual funds and unit investment trusts, that also carry built-in management and administrative fees.

How We Charge for Our Services

Our Firm earns revenue primarily from our clients, as well as from product vendors and money managers whose products and services are purchased by clients, and from our fixed income trading activities. We compensate your Financial Advisor from some, but not all, of these sources of revenue.

In general, our Firm's client-related revenue consists of:

- Commissions charged to clients in connection with their purchase, or sale, of equities and fixed income products, where the Firm acts as agent or broker
- Markups and markdowns on the price of purchases and sales of equities and fixed income products, where the Firm acts as principal (i.e., purchases and sales out of Firm inventory)
- Selling concessions and/or underwriting discounts earned by the Firm in connection with new offerings of equity, fixed income or structured investments
- Sales loads, commissions or concessions in connection with the offering of various packaged products, such as mutual funds, unit investment trusts, insurance and annuities
- Asset-based fees charged in connection with our advisory programs
- Interest on margin and loan accounts
- Account administrative fees

Our Firm also earns revenue from other sources, including:

- Reimbursements from third parties, such as mutual funds, insurance companies and investment advisors, for the cost of educational programs and seminars for employees and clients
- Profits from trading activities
- Volume concession payments on sales of third-party unit investment trusts (UITs)
- Payments based on our total sales of and/or total client assets in mutual funds and variable annuities, known as "revenue sharing"

- Mutual fund networking fees, which are determined on a per-account basis
- Built-in operating expenses on UITs sponsored by our Firm
- Payments from insurance and annuity companies for the costs of establishing and maintaining their products in our distribution system

For more information about revenue sharing arrangements and other sales charges on the products of third-party vendors, please ask your Financial Advisor for our guides, "Important Information About Mutual Funds"⁴ and "Understanding Your Variable Annuity." You can also find mutual fund revenue sharing information on our website (www.ubs.com/mutualfundrevenuesharing.com).

In addition, our affiliates within UBS may earn compensation from business that you conduct with us when you:

- Purchase securities underwritten by an affiliate
- Buy or sell securities where our affiliate acts as principal in the transaction
- Execute trades in shares of mutual funds structured or managed by an affiliate
- Hold a loan extended by, or maintain credit with, one of our affiliates
- Make deposits of your money through us into affiliated entities

Affiliates such as UBS Global Asset Management and UBS Investment Bank may also pay us for referring client business to them. Conversely, we may pay our affiliates for referring client business to our Financial Advisors.

⁴ For clients of UBS International Inc., please ask for our guide, "Important Information about Registered and Unregistered (i.e., Offshore) Mutual Funds."

How Our Financial Advisors Are Compensated

In general, we pay our Financial Advisors a percentage of clients' commissions and fees (called a payout rate), less certain adjustments requested by our Financial Advisors, according to an established schedule based on the revenues the Financial Advisor generates with the clients he or she services.⁵

- For transaction-based accounts, which hold products such as stocks, bonds, options and mutual funds, the payout rate ranges from 24% to 44% of the commissions or sales charges paid to the Firm. For stock and option transactions, the payout is adjusted to account for \$12 per transaction.
- For insurance and annuity products, the payout ranges from 24% to 49% of the commissions or sales charges paid to the Firm.
- For our asset-based fee programs, the payout generally ranges from 24% to 47% of the fees earned by the Firm.

In general, Financial Advisors earn more for products sold in initial offerings than for those purchased and sold in secondary offerings.

The percentage of Firm revenues that Financial Advisors receive in asset-based programs and insurance products is higher than the percentage of Firm revenues they receive on most other products and services.

Additional Compensation Financial Advisors May Receive

A Financial Advisor may also be eligible for bonuses based on:

- His or her annual total revenues and length of service with our Firm
- Net new assets and credit lines from both current and new clients

Vendors, such as mutual fund wholesalers, annuity wholesalers, unit investment trust wholesalers, investment managers and insurance distributors, may pay certain expenses on behalf of Financial Advisors, including expenses related to training and educational efforts. (Similarly, in some instances, vendors may make payments to our Firm to subsidize training costs for Financial Advisors.) Such vendors may also give Financial Advisors gifts, up to a total value of \$100 per vendor per year, consistent with industry regulation.

In addition, vendors may occasionally provide Financial Advisors with meals and entertainment of reasonable and customary value. Also, investment managers and/or affiliates may arrange for commissions to be paid to Financial Advisors or affiliates (called "directed commissions") for trading activities here or at other broker-dealers, including our affiliates. Financial Advisors may also receive referral fees or finder's fees for referring business to affiliates or assisting others in developing new business. Finally, some Financial Advisors receive a portion of any ongoing payments, called "trailers," paid by mutual funds to our Firm, based on their payout rate.

Compensation for New Financial Advisors

In the first four years of a Financial Advisor's career, compensation is based on a combination of salary, payout on the Financial Advisor's total annual revenues and client assets, plus a bonus based on new assets. In the first two years, a Financial Advisor may also receive additional compensation based on the amount of assets in certain asset-based fee accounts.

⁵ When a client pays a fee or other charge up front, the Financial Advisor is advanced his/her expected payout, which the Financial Advisor earns incrementally based upon, among other things, the length of time the account remains with the Firm. If the account terminates, the investment is redeemed, or the Financial Advisor leaves the Firm prior to the end of the period for which advances were paid, the Firm recoups the unearned advances from the Financial Advisor.

Compensation for Financial Advisors and New Financial Advisors Is Subject to Change

The foregoing summarizes in general terms how we currently compensate the majority of our Financial Advisors. Some Financial Advisors may, under certain circumstances, for example pursuant to acquisitions, be compensated differently. We reserve the right, at our discretion and without prior notice, to change the methods by which we compensate our Financial Advisors.

Your Relationship With Your Financial Advisor

At the heart of our wealth management process is the relationship you have with your Financial Advisor. By asking the right questions, regularly assessing your needs and always listening, your Financial Advisor can help you manage your finances in the way that suits your individual circumstances, goals and tolerance for risk.

Third-Party Services

From time to time, our Firm may introduce to you providers of other services for your personal or business financial needs, which services you would obtain by direct arrangement with the service provider. In connection with its provision of services to you, the service provider may receive payment from other parties involved in such services or may make payments to such other parties.

Detailed Explanation of Fees for Selected Investments and Services

Detailed Explanation of Fees for Selected Investments and Services

The tables that follow offer an overview of what our Firm charges and how your Financial Advisor is compensated for the wide variety of products and services that our clients typically purchase. Some of these fees are specific to our Firm, while others are imposed by third parties, such as mutual fund and insurance companies. Still others, such as certain charges on the sale of securities, are regulated by the securities industry.

This brochure is designed to serve as a general guide for you, and may or may not apply to your individual circumstances. The amount you pay may be affected by such factors as your account or portfolio size, your mix of assets and liabilities, and your level of trading. Developing your wealth management plan, opening particular accounts and establishing fees typically are part of a conversation you have with your Financial Advisor.

Executing Orders

When executing your order in certain types of securities, including debt, we are permitted to trade with you for our own account or for an affiliate or another client and may earn a profit on those trades. When we engage in these trades, we disclose the capacity in which we acted on your confirmation, though we are not required to communicate this or obtain your consent in advance, or to inform you of the profit earned on the trades. When we or an affiliate act as principal in buying a security from or selling a security to you, we earn compensation on the transaction by charging you a markup or markdown from the price of the security and collecting a spread for our affiliate's role generally as a dealer in the transaction. The spread is our compensation for taking market risk and making a market in the security.⁶

The tables are divided into five categories: Transaction-Based Account Relationships (starting on page 10), Asset-Based Advisory Account Relationships (pages 20 – 25), Credit Products and Cash Deposits (pages 26 – 27), Brokerage Account Fees (pages 28 – 30) and Miscellaneous Administrative Fees (page 31).

While we believe that we have covered the charges most important to you, please note that not every fee or pricing detail is listed here.

For asset-based fee programs, you should refer to the program agreement and/or Form ADV disclosure brochure for additional information. Similarly, you should read all prospectuses, offering materials and other disclosure documents in connection with any investment for more information on charges.

All information in these tables is as of October 1, 2007, and is subject to change. If you have any questions about other fees related to products or services that you are purchasing, please contact your Financial Advisor.

When executing your order in an equity security we may act as an agent on your behalf and route your order to either an exchange or an affiliate for execution, and we earn compensation by charging a commission for our role in the transaction. We may also act in a riskless principal capacity by executing an offsetting trade with another entity, including an affiliate to fill your order, and we earn compensation by charging you a disclosed markup or markdown from the price of the security we received in filling your order. We may also act in a principal capacity by filling your order out of our inventory with a price that includes our undisclosed compensation for taking market risk in the transaction.

⁶ We may also act as principal for our client accounts by buying and selling on a "riskless principal" basis with our affiliates.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
I. Transaction-Based Account Relationships			
Equity Securities	Common stock, preferred securities (\$25 par), American Depositary Receipts ("ADRs"), closed-end funds and exchange traded funds	<p>When you buy or sell a stock, you pay a commission based on the quantity of shares and the stock price. Preferred securities carry a sales charge, known as a commission or a markup/markdown (see the Taxable Fixed Income Securities section below).</p> <p>Closed-end funds also carry built-in operating expenses that affect the fund's return. The sponsors of such funds may also pay our Firm a portion of the operating expenses.</p>	Your Financial Advisor receives a percentage of the commissions or charges for equity securities, based on his or her payout rate.
Options	Puts, calls	You pay a commission to buy or sell an option based on the number of contracts and the principal amount of the trade.	Your Financial Advisor receives a percentage of the commissions or charges for option transactions, based on his or her payout rate.
Equity Syndicates	Initial and secondary public offerings of common stock	You do not pay a commission. Instead, our Firm receives a selling fee (sometimes called a selling concession) directly from the corporation bringing the equity to market. This fee is built into the offering price of the equity.	Your Financial Advisor receives a percentage of the selling concessions, based on his or her payout rate.
Taxable Fixed Income Securities	Corporate bonds (both investment grade and noninvestment grade), U.S. Treasuries, federal agency bonds, mortgage backed securities, zero-coupon bonds, high-yield and emerging market securities, convertible securities, certificates of deposit ("CDs"), preferred securities, commercial paper, and foreign exchange spot and forward transactions	<p>We sell newly issued bonds, CDs and preferred securities at the offer price, with no sales charge or commission during the order period. Our Firm receives a selling fee, sometimes called a selling concession, from the issuer bringing the security to market. This fee is built into the initial offering price of the bond.</p> <p>Secondary (previously issued) bonds, CDs and preferred securities carry a sales charge (markup/markdown) or commission that ranges up to 2.1% for purchases and 0.5% for sales (or up to 3% in Puerto Rico), depending on the type of security and its duration. These sales charges are included in the price reflected on your sales confirmation. The yields stated on confirmations also reflect the impact of the sales charge.</p> <p>When the total markup/markdown is less than \$100 and the size of the transaction is under \$100,000 face amount, an additional \$35 fee is charged for U.S. Treasury bills, notes and bonds, and government agency securities, as well as Treasury auction transactions.</p> <p>Foreign exchange spot and forward transactions carry a sales charge (markup/markdown) that ranges up to 1%, depending on the size of the transaction.</p> <p>Our Firm or an affiliate may also earn revenues from principal trading in fixed income securities, which are additional to the sales charge or commission that you pay on each transaction.</p>	Your Financial Advisor receives a percentage of any commissions or charges for taxable fixed income securities, based on his or her payout rate.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
I. Transaction-Based Account Relationships (continued)			
Municipal Securities	Bonds issued by states, cities, counties and other governmental entities to raise money, typically for general governmental needs or special projects	<p>We sell newly issued municipal bonds at the offer price, with no sales charge or commission during the order period. Our Firm or an affiliate receives a selling fee, sometimes called a selling concession, from the issuer bringing the security to market. This fee is built into the initial offering price of the bond.</p> <p>Secondary (previously issued) municipal bonds carry a sales charge (markup/markdown) that ranges up to 2.1% for purchases and 0.5% for sales (or up to 3% in Puerto Rico), depending on their type and duration. These sales charges are included in the price reflected on your sales confirmation. The yields stated on confirmations also reflect the impact of the sales charge.</p> <p>Our Firm or an affiliate may also earn revenues from principal trading in municipal securities.</p>	Your Financial Advisor receives a percentage of any commissions or charges for municipal securities, based on his or her payout rate.
Municipal Variable Rate Demand Obligations (VRDOs)	Debt instruments with long maturities, usually 30 years, featuring multiple interest-rate modes and associated tender features, including an option to tender securities at par on seven days' notice or, in some cases, on a day's notice	<p>We sell newly issued VRDOs at the offer price, with no sales charge or commission during the order period. Our Firm or an affiliate receives a selling fee, sometimes called a selling concession, directly from the issuer bringing the security to market. This fee is built into the initial offering price of the bond.</p> <p>For secondary VRDO transactions, our Firm or an affiliate receives a remarketing fee from the issuer.</p>	Your Financial Advisor is paid 10 cents per bond on new issues and receives a portion of the remarketing fee on secondary trades, based on his or her payout rate.
Auction Rate Securities	Auction Rate Certificates (ARCs) and Auction Rate Preferred Stock (APS) are floating rate securities with long or perpetual maturities, which are repriced periodically through a series of "Dutch Auctions."	<p>We sell newly issued ARCs and APS at the offer price, with no sales charge or commission during the order period. Our Firm or an affiliate receives a selling fee, sometimes called a selling concession, directly from the issuer bringing the security to market. This fee is built into the initial offering price of the security.</p> <p>Our Firm or an affiliate also receives an annualized broker-dealer fee for operating the auction process.</p> <p>There is no markup/markdown on trades in secondary auction rate securities (previously issued securities separate from the auction).</p>	Your Financial Advisor is paid a percentage of any sales concessions received in connection with new issues and a portion of the broker-dealer fee that the Firm or an affiliate receives for operating the auction process. The percentage your Financial Advisor receives is based on his or her payout rate.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
I. Transaction-Based Account Relationships (continued)			
Structured Products	Issued by our affiliates and non-affiliated third parties, with underlying exposure to equities, indexes, hedge funds, foreign exchange, interest rates, credits and/or commodities	<p>We sell newly issued structured products at the offer price, with no sales charge or commission during the order period. Our Firm receives a selling fee, sometimes called a selling concession, directly from the issuer bringing the security to market. This fee is built into the initial offering price of the investment and is disclosed in the relevant offering materials.</p> <p>Some structured products may be subject to an annual fee or other charges, which are deducted from the principal amount of your investment or otherwise affect how the return on your investment is calculated over its life. Our Firm or an affiliate may also receive compensation from trading and hedging activities related to structured products and from setting the particular terms of an investment (such as the applicable maturity or participation rate). This compensation is built into the terms of each structured product offering, the amount of which is not separately described in the relevant offering materials.</p> <p>For certain structured products linked to hedge funds and funds of funds, our Firm or an affiliate may receive as compensation a portion of the management fees charged by those funds relating to the assets raised by the Firm or an affiliate in connection with the structured product.</p> <p>Secondary (previously issued) structured products carry a sales charge (markup/markdown) that ranges up to 2.5%, based on their type, invested amount and duration.</p> <p>Since the fees and compensation that our Firm and your Financial Advisor receive from structured products vary, please be sure to review the offering materials. You also may contact your Financial Advisor for specific details. For certain structured products linked to hedge funds and funds of funds, our Firm or an affiliate may receive as compensation a portion of the management fees charged by those funds relating to the assets raised by the Firm or an affiliate in connection with the structured product.</p>	Your Financial Advisor receives a percentage of any commissions or charges for structured products, based on his or her payout rate.

Important Information Regarding How We Compensate UBS Financial Advisors for Hedge Funds and Fund of Funds Offerings and Your Access to Our Alternative Investment Offerings

At UBS, an essential element in our approach is to make sure that our clients are informed about the products and services we offer, including their benefits, risks and price. This disclosure is designed to provide you an overview of how we compensate our Financial Advisors in connection with the proprietary and nonproprietary hedge fund and fund of funds alternative investment vehicles ("Funds") they sell.⁷

In general, when you invest in these Funds, you will be subject to a variety of fees: (i) management, performance (incentive-based) and administration fees, which are paid by the Funds to their service providers; and (ii) placement, referral and distribution fees, which are normally payable solely to the broker-dealer distributing the Funds. Your Financial Advisor, at his or her discretion, may charge you a placement fee (the "Placement Fee") of up to 2% in the aggregate of your investment, both your initial investment and any additional investment(s) you make, in a Fund, and UBS may re-allow all or a portion of the Placement Fee to your Financial Advisor. This sales charge, if imposed, is disclosed to you at the time of your investment.

The level and type of compensation we and our Financial Advisors receive in connection with your investments in these Funds varies depending on our distribution arrangement with each Fund. Generally, we and certain of our affiliates are compensated for providing services to affiliated or proprietary alternative investment vehicles.⁸ This compensation can include distribution or referral fees, investment advisory and/or management and certain other fees, including

performance fees. As a result of the various payments to us or our affiliated companies, the amount of compensation that UBS entities receive with respect to the sale of affiliated or proprietary vehicles is greater than the amount payable to the organization as a whole from the sale of unaffiliated investments. For Funds managed by third-party advisers, we receive fees for distribution, shareholder services or solicitation services, or a combination thereof, depending on the arrangement we have with the third party. The nature of the services provided by, and the compensation paid to, us and our affiliates are set forth in the offering documents, which are available through your Financial Advisor. Please read the offering documents carefully before investing.

The payout that your Financial Advisor receives may differ from one Fund to another, even if the two Funds are charged the same management fee and/or incentive-based fee (i.e., even if, overall, you would pay the same amount in fees). The differences in compensation may create an incentive for Financial Advisors to recommend Funds for which they receive higher compensation. We encourage you to discuss this with your Financial Advisor to learn more about the compensation he or she receives.⁹

Financial Advisor Compensation Structure for New Offerings as of January 1, 2007

Effective January 1, 2007, we will seek to apply a level, standard payment schedule for all of the hedge fund and fund of funds offerings we sell. While we request that third-party managers pay the same level of compensation paid to us by our affiliates, third-party providers may decline to pay distribution fees exactly at the same level, which may present a financial incentive to promote the sale of affiliated funds.

⁷ Depending on the facts and circumstances, you may not meet all of the eligibility requirements to invest in a particular Fund, or one or more Funds may not be suitable for you. An investment in these types of strategies is speculative and involves substantial risks. It is intended for long-term investors who can accept the significant risks associated with such investments. Please review your objectives, risk tolerance and portfolio concentration in illiquid and speculative investments carefully if you are considering these types of strategies. Alternative investments should not comprise the entire investment solution or recommendation, and a review of concentration in illiquid/speculative investments and your risk tolerance for such investments is recommended as you consider these types of strategies. This disclosure is for informational purposes only, is limited to a discussion of Financial Advisor compensation, and does not constitute an offer to purchase, or a solicitation to sell, any particular security. You should contact your Financial Advisor for more information about this.

⁸ This document describes the compensation UBS Financial Services Inc. and UBS International Inc., registered broker-dealers and investment advisers, pay their Financial Advisors. The compensation payable to UBS Financial Services Inc. as distributor of the Funds, and to other UBS affiliates as investment advisers and administrators of the Funds is described in the relevant offering documents.

⁹ Please note that your Financial Advisor is not authorized to negotiate such fees with you, and is not authorized to rebate any fees back to you.

UBS Financial Services Inc. receives compensation as a distributor of proprietary and third-party hedge funds and funds of funds. Your Financial Advisor is credited a percentage of the following fees based on his or her payout rate:

- 90 basis points annually of the total management fee paid to UBS Financial Services Inc. as distributor of affiliated funds plus the sales charges, if any, imposed on your investments. Financial Advisors will not share in the performance fees, if any, we receive from affiliated funds; and
- 80% annually of the total management fee paid to UBS Financial Services Inc. as distributor of unaffiliated funds plus the sales charges, if any, imposed on your investments. Financial Advisors will not share in the performance fees, if any, we receive from these funds. These payments are subject to a maximum of 90 basis points of the total amount you invest.

Compensation Structure for Additional Investments in Offerings Launched Prior to 2007

Fund of Funds Vehicles

The compensation structure for fund of funds vehicles will transition to the new structure described on page 13 regardless of the timing of the investment.

Hedge Funds

For proprietary single-manager hedge funds, the compensation to your Financial Advisor will vary depending on the timing of the investment. While investments for new clients in those funds made on and after January 1, 2007, will be subject to the new compensation structure, investments for existing clients, including additional investments for those clients, will continue under the prior compensation structure for the life of the investment for both proprietary and unaffiliated offerings. Under that prior structure, the compensation your Financial Advisor receives ranges from 24% to 100% of the management fee charged by the Fund and from 0% to 15% of any performance-based fee for UBS affiliated Funds. For Funds managed by third-party advisers, the compensation your Financial Advisor receives ranges from 37% to 40% of the management fee charged by the Fund. Neither

UBS nor its Financial Advisors receive a portion of the performance fees charged by the advisers of these Funds.

Access to Our Alternative Investment Platform

Your ability to invest in the alternative investment products offered by our Firm will be subject to the following allocation policy, which, depending on the circumstances, may limit or preclude your access to these products. Normally, we will give priority in allocating opportunities to invest in alternative investments that have limited capacity constraints, for example, private equity offerings, to those clients of our Firm who have invested previously with the same manager in the same type of vehicle or investment strategy. If capacity remains, we will then make these alternative investment products available as follows. We segment potential investors into three categories, and allocate a percentage of the remaining capacity to each category. The categories are: (i) Clients of our most established Financial Advisors, who generally are members of our Chairman's Club or those Financial Advisors who have completed our Wealth Management training program; (ii) Clients of our Private Bank; and (iii) Other clients of UBS Financial Services Inc. The primary purpose for creating these categories is to allow all potential investors an opportunity to invest in the Funds, no matter how they are connected to us. Please note that the percentage allocations may differ for each category, and may differ from one offering to the next. In addition, depending on the offering, we may allocate a percentage of the offering to clients that we select or categorize in our sole discretion.

As described above, our allocation policy for limited-capacity alternative investment products provides certain clients with preferential access to certain investment opportunities. This means that not all clients for which such investments may be suitable and desirable may have the opportunity to invest in all of the products offered through our Firm. Although there is no guarantee that an investment in any alternative investment product will be profitable, our policy could limit certain clients' ability to access these types of investments.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
I. Transaction-Based Account Relationships (continued)			
Mutual Funds	Investment vehicles operated by an investment company to invest in a group of assets, in accordance with stated objectives	All mutual funds carry built-in operating expenses that affect the funds' return. Examples include investment management fees, distribution and marketing fees (called "12b-1 fees" or annual distribution fees). Details on the operating expenses are included in each fund's prospectus or offering document.	Your Financial Advisor is advanced or credited a percentage of the sales charge, if any, based on his or her payout rate.
	The classification of Class A, B and C shares is an industry-wide standard.	The various funds may pay our Firm additional amounts, based on our overall sales and/or assets, known as "distribution support" or "revenue sharing," as well as networking fees, which are determined on a per-account basis.	Your Financial Advisor also may receive a portion of any ongoing payments, called "trailers," provided by the 12b-1 fees or annual distribution fees paid to our Firm, based on his or her payout rate.
	There are additional share class types that are not addressed in this brochure.	Depending on share class, your front-end charges may be reduced or completely eliminated as the amount of your investment, or your household total investment, with the mutual fund company increases above certain levels. Such reduced charges are known as "breakpoint discounts."	Your Financial Advisor does not receive any portion of revenue sharing payments that we receive from mutual fund companies.
		For more information on costs, breakpoints and revenue sharing, please ask your Financial Advisor for our guide, "Important Information About Mutual Funds." [If you are a client of UBS International Inc., please ask for our guide, "Important Information About Registered and Unregistered (i.e., Offshore) Mutual Funds."]	
	• Class A Shares	You typically pay a front-end sales charge, called a load, which is deducted from the initial investment. Mutual funds with front-end loads generally reduce the sales charge as the amount of your investment increases above certain levels, according to a breakpoint schedule. At a certain level, typically \$1 million, you may cease paying front-end sales charges. Annual operating expenses are generally lower than for Class B and C shares. Our Firm receives a portion of any sales charge.	
	• Class B Shares	You do not pay a front-end sales charge on the purchase but may be assessed a contingent deferred sales charge (CDSC) upon the sale. The CDSC typically declines and is eventually eliminated over time if you continue to hold the shares. Class B shares usually have higher operating expenses than A shares. The mutual fund's distributor may pay our Firm a commission when you purchase shares.	
	• Class C Shares	You are normally not charged a front-end sales charge or a CDSC unless you sell the shares within a short period of time, usually one year. The operating expenses are usually higher than Class A shares and are similar to those for Class B shares. The mutual fund's distributor may pay our Firm a commission when you purchase shares.	

Product or Service Description

How We Charge for Our Services

I. Transaction-Based Account Relationships (continued)

Mutual Funds (continued)	<ul style="list-style-type: none"> Retirement Share Classes 	<p>Typically called “R” shares, but sometimes called “T” or “N” shares, most major fund companies offer special retirement plan share classes that are available exclusively to the retirement plan market. Some fund companies offer several versions of Retirement Share classes, which are generally available to 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans and non-qualified deferred compensation plans.</p> <p>Some mutual funds will pay a finder’s fee to our Firm when Retirement Shares are purchased, which is disclosed in the fund’s prospectus. Our Financial Advisors will discuss the share classes available and the various considerations with the appropriate retirement plan fiduciaries.</p> <p>The annual operating expenses of these types of shares will vary by fund company and are detailed in the fund’s prospectus. These expenses can be higher or lower than other available share classes. Most fund companies do not assess a front end sales charge on the purchase, but some may assess a contingent deferred sales charge (CDSC) if you sell the shares within a short period of time, usually one year.</p>
	<ul style="list-style-type: none"> Class Y Shares 	<p>Generally, shareholders pay no front-end sales charges on Class Y shares nor does that share class pay ongoing 12b-1 distribution or service fees. We have entered into an agreement with our affiliate, UBS Global Asset Management (US) Inc., pursuant to which UBS Global Asset Management (US) Inc., as principal underwriter of its funds, may make payments out of its own resources for sales of Class Y shares to eligible purchasers. The payments consist of a one time finder’s fee consistent with the Fund’s Class A share Reallowance to Selected Dealers’ schedule as indicated in the relevant funds’ prospectus and, beginning in the 13th month after purchase, an annual fee in an amount up to 20 basis points for an equity fund, an asset allocation fund or a balanced fund, 15 basis points for a fixed income fund, and 5 basis points for an index fund. UBS Global Asset Management (US) Inc. does not make these payments on accounts holding Class Y shares for employees or employee-related clients. The one time finder’s fee is calculated on the date of purchase and may be paid in four equal installments over the first 12 months of ownership. UBS Global Asset Management (US) Inc. reserves the right to suspend these payments at any time in its sole discretion. We pay a portion of these payments to the Financial Advisor originating the sale. These payments may create a financial incentive for our brokers to recommend Class Y shares of UBS proprietary funds over non-proprietary products.</p>
	<ul style="list-style-type: none"> Other Share Classes (applicable only to offshore mutual funds) 	<p>Other share classes offered by major offshore mutual fund companies, such as Class N shares, are a hybrid to Class A or Class C shares of an offshore mutual fund and, like Class C shares, are normally not charged a front-end sales charge or a CDSC unless you sell the shares within a short period time, usually one year. The operating expenses are usually higher than Class A shares and are similar to those for Class B or Class C shares.</p> <p>The offshore mutual funds distributor may pay our Firm a commission when you purchase shares.</p>

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
I. Transaction-Based Account Relationships (continued)			
Unit Investment Trusts (UITs)	Investment companies that purchase a fixed, unmanaged portfolio of securities and sell shares in the trust to investors	<p>You typically pay either a front-end sales charge or a combination of front-end and deferred sales charges. Such charges on new issues usually decrease as your investment increases, based on a breakpoint schedule. We receive a portion of that sales charge from the company sponsoring the UIT.</p> <p>UITs carry built-in operating expenses that affect their return. Details on the operating expenses are included in each UIT's prospectus.</p> <p>On products sponsored by third parties, our Firm may receive additional amounts based on our overall sales, called "volume concessions." The potential volume concession amounts are detailed in each UIT's prospectus. For more information on volume concession payments, please ask your Financial Advisor for a copy of the "Unit Investment Trust Disclosure Statement."</p>	<p>Your Financial Advisor is advanced or credited a percentage of the sales charge, based on his or her payout rate.</p> <p>Your Financial Advisor does not receive any portion of volume concession payments that we receive from third-party sponsors.</p>
529 Education Savings Plans	State-sponsored programs designed to help finance education expenses	<p>Our Firm works with third-party providers to offer 529 Plans. Like mutual funds, 529 Plans generally carry sales charges, either front-end or deferred, based on the number of 529 investment units owned. Front-end sales charges typically decrease as your investment increases, based on a breakpoint schedule. Programs with deferred sales charges carry a fee if you sell investment units before a specified period of time elapses, typically seven years; the sales charge declines over time until it reaches zero.</p> <p>In addition, you pay an annual account maintenance fee, depending on the plan—typically \$10 to \$30.</p> <p>The operating expenses of the underlying mutual funds affect the return of 529 Plan share classes. Examples of operating expenses include distribution and marketing fees (called "12b-1 fees"), networking fees and transaction fees. Details on the operating expenses are included in each plan's program description document.</p> <p>The various sponsors may also pay our Firm revenue sharing. For more information, please ask your Financial Advisor for a copy of our guide, "Important Information About Mutual Funds."</p>	<p>Your Financial Advisor receives a percentage of the sales charge, based on his or her payout rate.</p> <p>Your Financial Advisor also receives a portion of any ongoing payments, called "trailers," provided by the 12b-1 fees paid to our Firm, based on his or her payout rate.</p> <p>Your Financial Advisor does not receive any portion of revenue sharing payments that we receive from 529 Plan sponsors.</p>

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
I. Transaction-Based Account Relationships (continued)			
Variable Annuities	Contracts, issued by insurance companies, whose value fluctuates with that of an underlying securities portfolio	<p>There is usually no front-end sales charge. All of the purchase price is directed towards your annuity. However, most variable annuities carry a contingent deferred sales charge (CDSC) or surrender charge if money is withdrawn during the CDSC period of the contract, which may be up to nine years. Such charges may be as high as 9%. The charge declines to zero over time.</p> <p>The annuity provider pays UBS a commission in the first year, ranging from 1% to 6% of the annuity purchase. There may also be trail commissions paid by the provider in subsequent years. These payments range from 0% to 1.4% of the annuity assets.</p> <p>Details on the operating expenses of individual variable annuity products are included in each product's prospectus.</p> <p>The various insurance companies may pay our Firm additional amounts based on overall sales and/or assets, known as "revenue sharing."</p> <p>For more information, please ask your Financial Advisor for a copy of our guide, "Understanding Your Variable Annuity."</p>	<p>Your Financial Advisor receives a percentage of the commissions, based on his or her payout rate.</p> <p>There are two ways for your Financial Advisor to get paid: (1) a full commission, or (2) a reduced commission, with an annual payment.</p> <p>Your Financial Advisor does not receive any portion of revenue sharing payments that we receive from variable annuity sponsors.</p>
Fixed Annuities	Contracts, issued by insurance companies, which guarantee a fixed interest rate for a specified period	<p>There is usually no front-end sales charge. Instead, the costs are built into the interest rate that the annuity pays you. However, most fixed annuities have a contingent deferred sales charge (CDSC) on withdrawals in the first 5 to 10 years. The charge declines to zero over time.</p> <p>The annuity provider pays our Firm commissions on initial sales, up to 5.55%.</p>	Your Financial Advisor receives a percentage of the commissions, based on his or her payout rate.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
I. Transaction-Based Account Relationships (continued)			
Group Annuities	<p>A group annuity can only be issued to a business or some other form of an organization. An employer-sponsored retirement plan is probably the most common type of eligible group. Group annuity contracts are often issued in connection with qualified retirement plans as plan funding vehicles. In general, the employer sponsoring the retirement plan makes contributions to the group annuity contract on behalf of its eligible employees to fund the retirement benefits provided by the plan. As with individual annuities, group annuities can be either fixed or variable. Group annuity retirement programs utilize variable group annuities.</p>	<p>There is usually no front-end sales charge. The entire purchase price is directed towards the group annuity.</p> <p>Typically, a group annuity provider pays UBS a commission in the first year, ranging up to 2% of the group annuity purchase. A group annuity provider may also pay trail commissions in subsequent years of 0.25% to 1.00% of the total group annuity assets.</p> <p>Details on the actual separate account fees and operating expenses you will pay for your group annuity are set forth in your contract.</p>	<p>Your Financial Advisor receives a percentage of the commission, based on his or her payout rate. Your Financial Advisor may also receive a trail commission.</p>
Disability, Life and Long-Term Care Insurance		<p>The amount of premium you pay depends on the level of coverage, the optional riders you select, your age and other factors.</p> <p>Certain life insurance contracts may have a surrender charge, typically based on the number of years a policy has been in force, cash value, death benefit and other factors.</p> <p>The commission our Firm receives is based on a percentage of the premiums you pay.</p>	<p>Your Financial Advisor receives a percentage of the premium, based on his or her payout rate.</p>

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
II. Asset-Based Advisory Account Relationships			
PACESM (Personalized Asset Consulting and Evaluation)	PACE offers a disciplined process that incorporates asset allocation and portfolio rebalancing into a long-term mutual fund investment strategy.	You pay a maximum annual program fee of 1.5% of eligible assets. The fee includes such services as asset allocation, fund analysis, automatic services—including rebalancing, contributions and withdrawals—client performance reporting and your Financial Advisor's guidance.	Your Financial Advisor is advanced or credited with a portion of the fee you pay and receives a percentage of this amount, based on his or her payout rate.
		Mutual funds bought in the PACE program are sold at Net Asset Value (NAV).	Your Financial Advisor does not receive any portion of revenue sharing payments that we receive from mutual fund companies.
		The various mutual funds may pay our Firm additional amounts, based on our overall assets, known as "distribution support" or "revenue sharing."	
		In addition to the PACE program fee, each mutual fund has its own operating expenses and management fees. Fees vary depending on the fund. For affiliated funds in the program, operating and management fees are paid to our Firm or one of our affiliates. For more information on mutual funds, please see page 15.	
	<ul style="list-style-type: none"> • PACE Multi Advisor <p>Offers access to a broad variety of mutual funds with diverse investment management approaches</p>	Mutual funds with a sales charge bought at our Firm that are later moved into the PACE Multi program are excluded from billing for a two-year period from the date of purchase.	In PACE Multi, your Financial Advisor receives a portion of any ongoing payments, called "trailers," provided by 12b-1 fees or annual distribution fees paid to our Firm, based on his or her payout rate. Please note that not all funds included in PACE Multi have 12b-1 fees.
	<ul style="list-style-type: none"> • PACE Select Advisors <p>Offers the opportunity to participate in style-specific, no-load funds managed by the institutional investment subadvisors carefully chosen by UBS Global Asset Management, which is also the advisor on the Portfolios</p>	<p>Our affiliate, UBS Global Asset Management, receives fees for providing investment management, administration and shareholder servicing to the PACE UBS Portfolios.</p> <p>The current annual rates of investment management fees generally range from 0.15% to 1.20% of the average daily net assets, with a portion being paid to the fund's subadvisor.</p> <p>UBS Global Asset Management also receives an administrative fee from each fund at the rate of 0.20% of the fund's average daily assets. Fee waivers or expense caps are currently applicable to many of these funds.</p> <p>These items are further explained in each fund's prospectus. For more information on mutual funds, please see page 15.</p>	UBS PACE Funds (Class P) do not have 12b-1 fees.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
II. Asset-Based Advisory Account Relationships (continued)			
ACCESSSM	With a minimum investment of \$100,000 (or more for some fixed income and specialized portfolios), ACCESS is a proprietary program that gives access to well-known investment managers whose minimum account requirements typically exceed \$1 million. Your Financial Advisor plays an integral part by helping you define your investment needs and goals, create an asset allocation plan, select appropriate managers and monitor the performance of managers relative to the market and to your objectives.	<p>You pay an annual fee, charged quarterly in advance and based on the value of assets in the account at the end of the previous quarter. The fee includes the cost of UBS trading, execution, custodial and related services, and the investment management service of the ACCESS manager.</p> <p>There are two fee schedules for ACCESS accounts:</p> <ul style="list-style-type: none"> • Equity and Balanced <ul style="list-style-type: none"> 2.80% for first \$500,000 2.20% for next \$500,000 1.60% for next \$4 million 1.40% for assets over \$5 million • Fixed Income <ul style="list-style-type: none"> 1.25% for first \$500,000 1.10% for next \$500,000 1.00% for next \$4 million 0.80% for assets over \$5 million <p>The minimum annual fee for equity and balanced accounts is the lesser of \$2,800 or 2.8% of the account value. For fixed income accounts, the minimum annual fee is the lesser of \$1,250 or 1.25% of the account value.</p> <p>In addition, any mutual funds or similar commingled investment vehicles, including exchange traded funds, carry built-in operating expenses, in addition to the program fees. Details on the operating expenses are included in each fund's prospectus.</p> <p>Investment managers are paid a percentage of the annual fee, based on assets under management.</p>	Your Financial Advisor is advanced or credited with a portion of the fee that you pay and receives a percentage of this amount, based on his or her payout rate.
Managed Account Consulting (MAC)	Provides investment consulting services and access to professional portfolio management to high net worth individuals, small pension plans, foundations, etc. Your Financial Advisor helps you to set investment goals and objectives, review asset allocation, identify investment managers that may be appropriate for you, and monitor account performance.	<p>There are two pricing structures for MAC accounts: an asset-based fee structure (MAC Fee Account) and a transaction-based structure (MAC Commission Account).</p>	
	<ul style="list-style-type: none"> • MAC Fee Account 	You pay an annual fee, charged quarterly in advance and based on the value of assets in the account at the end of the previous quarter. The fee covers the cost of trading, execution, custodial and related advisory services.	Your Financial Advisor is advanced or credited with a portion of the fee that you pay and receives a percentage of this amount, based on his or her payout rate.

Product or Service	Description	How We Charge for Our Services	How your Financial Advisor Is Compensated
II. Asset-Based Advisory Account Relationships (continued)			
Managed Account Consulting (MAC) (continued)	• MAC Fee Account (continued)	<p>There are two consulting fee schedules for MAC Fee Accounts:</p> <ul style="list-style-type: none"> • Equity and Balanced <ul style="list-style-type: none"> 2.05% for first \$500,000 1.50% for next \$500,000 0.95% for next \$4 million 0.80% for assets over \$5 million • Fixed Income <ul style="list-style-type: none"> 0.90% for first \$500,000 0.75% for next \$500,000 0.65% for next \$4 million 0.45% for assets over \$5 million <p>The minimum annual consulting fee for equity and balanced accounts is the lesser of \$2,050 or 2.05% of the account value. For fixed income accounts, the minimum annual fee is generally \$900 or 0.90% of the account value.</p> <p>In addition to the consulting fees above, you will have to pay additional incremental fees for investment management.</p> <p>Any mutual funds or similar commingled investment vehicles, including exchange traded funds, carry built-in operating expenses, in addition to the program fees. Details on the operating expenses are included in each fund's prospectus.</p> <p>The annual fees charged by MAC managers for equity and balanced accounts generally range up to 1% of assets under management. For fixed income accounts, annual fees generally range up to 0.75% of assets under management. However, fees charged by MAC managers can vary significantly, depending on the type of investment services offered.</p>	
	• MAC Commission Account	<p>You pay brokerage commissions when your investment manager buys or sells securities. For more information on commissions, please see Section I of this table.</p> <p>In addition to the commissions, you will have to pay additional incremental fees for investment management.</p> <p>What your investment manager charges:</p> <p>In addition to the commission expense, you will have to pay fees for investment management services. Managers are paid directly, normally quarterly, at rates negotiated individually, based on assets under management.</p>	Your Financial Advisor receives a percentage of the commissions, based on his or her payout rate.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
II. Asset-Based Advisory Account Relationships (continued)			
Premier Portfolio Management Program (PMP) and Premier Portfolio Program (PPM)¹⁰	Specially trained Financial Advisors act as discretionary portfolio managers.	<p>You pay an annual fee, charged quarterly in advance and based on the value of assets in the account at the end of the previous quarter. The fee covers advisory, investment management, execution, custodial settlement and related services.</p> <p>There are three fee schedules for PMP accounts:</p> <ul style="list-style-type: none"> • Equity and Balanced <ul style="list-style-type: none"> 2.80% for first \$500,000 2.20% for next \$500,000 1.60% for next \$4 million 1.40% for assets over \$5 million • Fixed Income <ul style="list-style-type: none"> 1.25% for first \$500,000 1.10% for next \$500,000 1.00% for next \$4 million 0.80% for assets over \$5 million • Exchange-Traded Funds Strategies <ul style="list-style-type: none"> 1.75% for first \$500,000 1.25% for next \$500,000 1.00% for next \$4 million 0.75% for assets over \$5 million <p>There are two fee schedules for PPM accounts:</p> <ul style="list-style-type: none"> • Equity/Balanced <ul style="list-style-type: none"> 2.00% for the first \$500,000 1.70% for the next \$500,000 1.40% for the next \$4 million 1.00% for assets over \$5 million • Fixed Income <ul style="list-style-type: none"> 1.25% for the first \$500,000 1.10% for the next \$500,000 1.00% for the next \$4 million 0.80% for assets over \$5 million <p>The minimum annual fee is \$750.</p> <p>Commingled investment vehicles, including mutual funds, exchange traded funds and closed-end funds, carry built-in operating expenses, in addition to the program fees. Details on the operating expenses are included in each fund's prospectus.</p> <p><i>Applicable to PPM accounts only:</i> The various funds may pay our Firm additional amounts based on overall sales and/or assets known as revenue sharing. For more information on mutual funds, please see page 15.</p>	<p>Your Financial Advisor is advanced or credited with a portion of the fee that you pay and receives a percentage of this amount, based on his or her payout rate.</p> <p>Applicable to PPM accounts only: If your account maintains mutual funds, your Financial Advisor receives a portion of any ongoing payments, called "trailers," provided by any 12b-1 fees or annual distribution fees paid to our Firm, based on his or her payout rate. We will deposit the 12b-1 fees we receive in connection with the mutual fund investments in your account.</p>

¹⁰ UBS acquired PPM in connection with the Piper Jaffray transaction in 2006. As of the date of this brochure and subject to certain exceptions, PPM is only available to clients through former Piper Jaffray Financial Advisors.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
II. Asset-Based Advisory Account Relationships (continued)			
UBS Strategic Advisor	A nondiscretionary advisory program that is centered on advice, guidance and personalized service.	<p>You pay an annual fee on eligible billable assets, charged quarterly in advance and based on the value of assets in the account at the end of the previous quarter. The fee covers the costs of trading, performance reporting and your Financial Advisor's guidance.</p> <p>The maximum annual fee for clients on or after October 1, 2007, is a flat fee of 2.00% of the amount of eligible billable assets.</p> <p>For UBS Strategic Advisor accounts invested before October 1, 2007, the fee schedule specified at the time in the UBS Strategic Advisor Agreement will remain in effect.</p> <p>The minimum annual fee is \$750.</p> <p>Mutual funds bought in the UBS Strategic Advisor program are sold on a load-waived basis, meaning without a sales charge. Mutual funds bought at our Firm that are later moved into the UBS Strategic Advisor program are excluded from billing for a two-year period from the original date of purchase.</p> <p>The various funds may pay our Firm additional amounts, based on overall sales and/or assets, known as "revenue sharing." For more information on mutual funds, please see page 15.</p> <p>In addition, any mutual funds or similar commingled investment vehicles, including exchange traded funds, carry built-in operating expenses in addition to the program fees. Details on the operating expenses are included in each fund's prospectus.</p> <p>In addition, the following Securities and Exchange Commission and block trading charges may apply:</p> <ul style="list-style-type: none"> • Equity trades of more than 5,000 shares: \$.02 per share on each share over 5,000 • Option contracts of more than 50 contracts exercised: \$2.00 per contract on each contract over 50 	<p>Your Financial Advisor is advanced or credited with a portion of the fee that you pay, and receives a percentage of this amount, based on his or her payout rate.</p> <p>If your account holds mutual funds, your Financial Advisor may also receive a portion of the ongoing payments, called "trailers," provided by the 12b-1 fees paid to our Firm, based on his or her payout rate.</p> <p>Your Financial Advisor does not receive any portion of revenue sharing payments that we receive from mutual fund companies.</p>

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
II. Asset-Based Advisory Account Relationships (continued)			
Strategic Wealth Portfolio (SWP)	Financial Advisors assist clients in constructing portfolios that use a variety of discretionary and nondiscretionary investments, such as managed accounts, mutual funds and alternative investments.	<p>You pay an annual fee of up to 1.75%, charged quarterly in advance and based on the value of eligible assets in the account at the end of the previous quarter. The fee covers advisory, execution, custodial, settlement and related services.</p> <p>In addition to the annual fee, you will be charged incremental fees for any discretionary investment management services you select.</p> <p>In addition to the SWP program fee, each mutual fund, exchange traded fund (ETF) and pooled investment has its own operating expenses and management fees. Fees vary depending on the fund. For affiliates' funds in the program, operating and management fees are paid to our Firm or one of our affiliates. Details on the operating expenses are included in each fund's prospectus.</p> <p>The various funds may pay our Firm additional amounts, based on our overall sales and/or assets, known as "revenue sharing." For more information on mutual funds, please see page 15.</p>	<p>Your Financial Advisor is advanced or credited with a portion of the fee that you pay and receives a percentage of this amount, based on his or her payout rate.</p> <p>If your account maintains mutual funds, your Financial Advisor receives a portion of any ongoing payments, called "trailers," provided by any 12b-1 fees or annual distribution fees paid to our Firm, based on his or her payout rate.</p> <p>Your Financial Advisor does not receive any portion of revenue sharing payments that we receive from mutual fund companies.</p>
Unified Managed Account (UMA)	An advisory account using a third-party overlay investment manager who trades the account on a discretionary basis according to a target asset allocation selected by the client with the assistance of Financial Advisors, which consists of model portfolios developed by third-party investment managers and/or other investment products such as mutual funds and exchange traded funds	<p>You pay an annual fee of up to 2.58%, charged quarterly in advance and based on the value of eligible assets in the account at the end of the previous quarter. The fee covers advisory, execution, custodial, settlement and related services.</p> <p>The UMA program fee is inclusive of fees for the discretionary management services of the third-party overlay manager as well as the services of model portfolio providers you select.</p> <p>In addition to the UMA program fee, each mutual fund has its own operating expenses and management fees. Fees vary depending on the fund. Details on the operating expenses are included in each fund's prospectus.</p> <p>The various funds may pay our Firm additional amounts, based on our overall sales and/or assets, known as "revenue sharing." For more information on mutual funds, please see page 15. However, to the extent we receive revenue sharing compensation in UMA for Qualified Plans and IRAs, that compensation will be rebated to Plan and IRA clients.</p>	<p>Your Financial Advisor is advanced or credited with a portion of the fee that you pay and receives a percentage of this amount, based on his or her payout rate.</p> <p>If your account maintains mutual funds, your Financial Advisor receives a portion of any ongoing payments, called "trailers," provided by any 12b-1 fees or annual distribution fees paid to our Firm, based on his or her payout rate. We will deposit the 12b-1 fees we receive in connection with the mutual fund investments in your account.</p> <p>Your Financial Advisor does not receive any portion of revenue sharing payments that we receive from mutual fund companies.</p>

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
III. Credit Products and Cash Deposits			
Credit Lines	Revolving loan accounts where credit may be extended, secured by eligible investment assets	<p>You repay the principal amount borrowed, with interest, to the lenders—either UBS Bank USA or UBS Financial Services Inc.</p> <p>There are no origination fees, application fees or closing costs. If you elect to pay a fixed interest rate for a specified term and you pay off all or part of the fixed-rate loan before the term expires, you will be subject to charges described in the loan document.</p>	Your Financial Advisor is advanced or credited a percentage of the Firm's net interest spread, based on the average daily loan balance, and receives a percentage of this amount.
Sweep Programs for Domestic Accounts	Free credit balances, or portions of your account set aside as part of the overall investment strategy for your account, will be held in cash, cash equivalents or money market mutual funds, based on your account's eligibility and, as applicable, your sweep election.	<p>You are not charged an additional fee for this service.</p> <p>Uninvested cash balances in eligible accounts are automatically deposited into interest-bearing deposit accounts at UBS Bank USA (Member FDIC).</p> <p>Our Firm receives an annualized fee of up to 0.5% from UBS Bank USA of the average daily deposit balance held by UBS Bank USA in deposit accounts established through this program.</p> <p>Uninvested cash balances in accounts which are ineligible for UBS Bank USA, or in certain accounts where a tax-exempt fund is selected as a primary sweep option, are automatically invested in money market mutual funds. These funds, where appropriate, may include funds affiliated with us for which we and/or our affiliates receive compensation for services rendered in addition to the account fees. UBS Financial Services Inc. or its affiliates serve as investment adviser to each of the money market funds.¹¹</p> <p>In addition, the funds' transfer agent pays us or our affiliates for certain transfer agent-related services. For details of these fees by fund, please see the respective prospectuses.</p> <p>Puerto Rico residents may elect to have available funds in their eligible accounts swept to the Puerto Rico Short Term Investment Fund, Inc. We receive fees from the funds which include investment management and service fees. In addition, the funds transfer agent pays us or our affiliates for certain transfer agent-related services. For details of these fees, please see the prospectus.</p>	Your Financial Advisor is not compensated for sweep services, nor does he or she receive any amount of the fees we receive in connection with account support services and investment management.

¹¹ The money market funds are: UBS Cashfund Inc., UBS RMA Money Market Portfolio, UBS RMA U.S. Government Portfolio, UBS RMA Tax-Free Fund, UBS RMA California Municipal Money Fund, UBS RMA New Jersey Municipal Money Fund, UBS RMA New York Municipal Money Fund, UBS Retirement Money Fund, UBS Cash Reserves Fund and UBS Liquid Assets Fund.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
III. Credit Products and Cash Deposits (continued)			
Sweep Option for Non U.S. Accounts: International Deposit Account (IDA)	We deposit free credit balances into interest-bearing deposit accounts at UBS AG, Cayman Islands branch.	The fee our Firm receives is determined by the difference between the interest earned on the short-term deposits (held at UBS AG, Cayman Islands branch) and the amount paid to you, calculated as a percentage of the one-week London Interbank Offered Rate (LIBOR), which is an average of what banks charge to borrow funds. Our fees will change daily depending on the daily LIBOR rate.	Your Financial Advisor is not compensated from this fee.
Letters of Credit	Documents that guarantee the payment of a client's obligations to a third party for a specified period, up to a specified amount	You pay a \$200 issuance fee and an annual credit fee based on the stated dollar amount of the Standby Letter of Credit, ranging up to 2%, with a minimum of \$300.	Your Financial Advisor is generally advanced or credited with 50% to 70% of the letter of credit fee and receives a percentage of this amount, based on his or her payout rate.
Mortgage Loans and Home Equity Lines of Credit	Loans primarily used to purchase or draw funds from personal, residential real estate	<p>You repay the principal amount borrowed, with interest, to UBS AG, Tampa Branch dba UBS Mortgage or the loan servicer.</p> <p>Loans generally have origination fees, application fees and/or closing costs.</p>	Your Financial Advisor is advanced a credit of 0.12% for primary loans.
Margin Loans	Loans that use securities in your account as collateral	You pay interest on margin loans, ranging up to 3.5 percentage points above our Firm's base lending rate, depending on the amount borrowed. You may repay principal at any time without penalty.	Your Financial Advisor is not compensated on margin loans.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
IV. Brokerage Account Fees			
Resource Management Account® (RMA®)	Our premier account for managing cash, financing and investments. Allows you to manage your assets with greater efficiency and control	<p>You pay a \$150 annual fee per account, which is billed on a deferred basis, annually. Additional RMAs in a “marketing relationship” pay an annual fee of \$75, which is billed on a deferred basis, annually. However, there is an annual fee cap of \$325 for all eligible RMAs and Individual Retirement Accounts within a client’s marketing relationship.</p> <p>The fee covers such services as:</p> <ul style="list-style-type: none"> • Automatic sweep • Checkwriting • Complimentary wallet-size check reorders • Concierge services • Direct deposit • Electronic bill payment • Electronic funds transfer • UBS Online Services • Premier account statement • ResourceLineSM • UBS American Express® Card (additional fees may apply)¹² • UBS Rewards • UBS Visa Signature® credit card (clients must apply for the card; domestic clients only; additional fees may apply) <p>Additional cash management charges may apply. We reserve the right to charge for excessive checkwriting (e.g., more than 100 checks per month).</p> <p>Although UBS does not charge a fee for ATM withdrawals, some outside vendors do. That is why your RMA also provides a specified number of reimbursements (up to \$2 per transaction) for ATM surcharges per calendar year, depending on the level of your account relationship.</p> <p>In addition to the account transfer fee (see page 31), you will be charged a \$75 termination fee if you transfer all of the assets in your RMA to another firm via ACAT.</p>	<p>Your Financial Advisor’s payout schedule includes an extra 1% on business transacted in an RMA.</p> <p>Your Financial Advisor does not directly receive any portion of the RMA fee. However, your Financial Advisor is credited on the fee, which may help to increase his or her payout rate.</p>

¹² Different debit cards are available for certain account populations or legacy accounts.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
IV. Brokerage Account Fees (continued)			
International Resource Management Account® (IRMA®)	Our premier account designed for non-U.S. investors who reside outside the U.S., including both individuals and businesses	<p>You pay a \$175 annual fee per account, which is billed on a deferred basis, annually. The fee covers such services as:</p> <ul style="list-style-type: none"> • Automatic sweep • Checkwriting • UBS Online Services • Premier account statement • Choice between two Cards: Platinum MasterCard® or UBS American Express Card (additional fees may apply) • Unlimited electronic bill payment within the U.S. for individuals • Unlimited electronic funds transfer to or from accounts within the U.S. for individuals • For business accounts, bill payments and electronic funds transfers within the U.S. are limited to 20 complimentary outgoing transactions per month with a \$0.50 fee for each additional outgoing transaction. <p>UBS Rewards carries an additional annual fee of \$50. For UBS Rewards restrictions outside the U.S., please speak with your Financial Advisor.</p> <p>Additional cash management charges may apply. We reserve the right to charge for excessive checkwriting (e.g., more than 100 checks per month).</p> <p>In addition to the account transfer fee (see page 31), you will be charged a \$75 termination fee if you transfer all of the assets in your IRMA to another firm via ACAT.</p>	<p>Your Financial Advisor's payout schedule includes an extra 1% on business transacted in an IRMA.</p> <p>Your Financial Advisor does not directly receive any portion of the IRMA fee. However, your Financial Advisor is credited on the fee, which may help to increase his or her payout rate.</p>
Business Services Account BSA®	Our premier business services account for managing cash, financing and investing. Allows you to streamline and manage your business transactions in one account	<p>You pay a \$150 annual fee per account, which is billed on a deferred basis, annually. The fee covers such services as:</p> <ul style="list-style-type: none"> • Automatic sweep • Checkwriting • Complimentary wallet-size check reorders • Direct deposit • Electronic bill payment • Electronic funds transfer • Electronic tax payments • UBS Online Services • Premier account statement • ResourceLine • UBS American Express Card (additional fees may apply) • UBS Visa Signature credit card (clients must apply for the card; domestic clients only; additional fees may apply) <p>Note: Electronic bill payments and electronic funds transfers are limited to 20 complimentary outgoing transactions per month; there is a \$0.50 fee for each additional outgoing transaction.</p>	<p>Your Financial Advisor's payout schedule includes an extra 1% on business transacted in a Business Services Account BSA.</p> <p>Your Financial Advisor does not directly receive any portion of the Business Services Account BSA fee. However, your Financial Advisor is credited on the fee, which may help to increase his or her payout rate.</p>

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
IV. Brokerage Account Fees (continued)			
Business Services Account BSA (continued)		<p>UBS Rewards carries an additional annual fee of \$50.</p> <p>Additional cash management charges may apply. We reserve the right to charge for excessive checkwriting (e.g., more than 100 checks per month).</p> <p>Although UBS does not charge a fee for ATM withdrawals, some outside vendors do. That is why your Business Services Account BSA also provides a specified number of reimbursements (up to \$2 per transaction) for ATM surcharges per calendar year, depending on the level of your account relationship.</p> <p>In addition to the account transfer fee (see page 31), you will be charged a \$75 termination fee if you transfer all of the assets in your Business Service Account BSA to another firm via ACAT.</p>	
Individual Retirement Accounts (IRAs)	Traditional, Roth, SEP, SIMPLE; also includes 403(b)(7) and Coverdell Education Savings Accounts	<p>You pay a \$40 annual fee. There is an annual fee cap of \$325 for all eligible IRAs and Resource Management Accounts within your "marketing relationship."</p> <p>When all of your assets in the IRA are transferred to another firm via ACAT, a \$75 transfer fee will be charged plus any outstanding annual fees, including the annual fee for the current year if the account transfers out of UBS before the September billing.</p>	Your Financial Advisor is not compensated from these fees.
Qualified Plan Prototypes	Profit Sharing, Money Purchase, Defined Benefit, 401(k) and SIMPLE 401(k) Plans	You pay an annual fee of \$100 per plan, regardless of how many accounts are opened under the plan.	Your Financial Advisor is not compensated from these fees.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
V. Miscellaneous Administrative Fees (does not include every administrative fee)			
Processing and Handling		For most transactions, you pay \$5.25.	Your Financial Advisor is not compensated from these fees.
Account Transfer (ACAT)		You pay a fee of \$75 per transfer.	
Account Maintenance		If your account does not generate revenues (defined as commissions, sales charges, wrap fees, RMA fees, Business Services Account BSA fees, IRMA fees, IRA fees and margin interest) of at least \$100 over a specified 12-month period, you may be charged \$75. No account maintenance fee will be charged if your account is part of a marketing relationship that has generated an average \$100 per account from these sources of revenue.	
Federal Funds Wire Transfer		You pay \$25 for outgoing wire transfers. There is no fee for wire transfers into your account.	
Returned Checks		You pay \$25 for any returned check.	
Security Transfer Fee		You pay \$25 for: <ul style="list-style-type: none"> • Each certificate registered and shipped in your name or in any name designated by you • Each re-registration of restricted stock • Each re-registration of securities that involves legal transfer 	

Please note that although this table covers our most important charges, not every fee or pricing detail is listed here.

Disclosures

This document is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any security, product or service. The securities, products and services described here may not be available in all jurisdictions or to certain categories of investors. No security, product or service shall be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations, or would subject the Firm or any of its affiliates to any registration requirement within such jurisdiction.

Municipal Bonds: Our Firm does not provide tax or legal advice. Please contact your tax advisor regarding the suitability of tax-exempt investments in your portfolio. Income from municipal bonds may be subject to state and local taxes, as well as the Alternative Minimum Tax ("AMT"). Call features may exist that can impact yield. If sold prior to maturity, investments in municipal securities are subject to gains/losses based on the level of interest rates, market conditions and credit quality of the issuer.

Alternative Investments: There are risks associated investing in alternative investment products ("Funds"). An investment in a Fund is speculative, and an investor may lose some or all of his or her investment. This is not an offer to purchase or sell the interests of any Fund.

Alternative Investment Funds are not mutual funds, and are not subject to the same regulatory requirements as mutual funds. Alternative Investment Funds may engage in leveraging and other speculative investment practices that may increase the risk of investment loss. They can be illiquid, they may not be required to provide periodic pricing or valuation information to investors, they may involve complex tax strategies and there may be delays in distributing tax information to investors. They generally are subject to investment management fees and performance-based allocations, and other fees and expenses, all of which will reduce profits. There is generally no secondary market for the interests of the Funds, and none is expected to develop. Interests of a Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency.

Alternative Investments should not comprise the entire investment solution or recommendation, and a review of concentration in illiquid/speculative investments and your risk

tolerance for such investments is recommended as you consider these types of strategies.

Investors must meet certain eligibility requirements in order to invest in these strategies. These requirements generally require that investors satisfy certain tests concerning their net worth, their annual income, the amount they have invested with the Firm and/or the amount of investable assets that they own.

Auction Rate Securities and Variable Rate Demand Obligations (VRDOs): Our Firm does not provide tax, legal or accounting advice. Please consult with your tax advisor regarding the suitability of tax-exempt investments for your portfolio and with your accounting advisor to determine the appropriate treatment of these securities on your balance sheet. While we do not provide tax, legal or accounting advice, we can confer with your advisors to help them understand the investment implications of different securities and investment strategies. Income from municipal bonds may be subject to state and local taxes, as well as the Alternative Minimum Tax. If sold prior to maturity, investments in municipal securities are subject to gains/losses based on the level of interest rates, market conditions and credit quality of the issuer. Extraordinary call features or other calls may exist that can affect yield.

Auction Rate Securities and VRDOs may not be suitable for all investors, considering that the minimum denominations and multiples range from \$25,000 to \$100,000. Money market funds are generally precluded from investing in Auction Rate Securities because there is no guaranteed put feature on the bond. These securities may not be suitable for investors with a long-term investment horizon. Even though ARCs and VRDOs typically have longer-term final maturities and APS have no stated maturity, their periodic auction and reset provisions may make them appropriate for investors with short-term objectives. Each security should be evaluated based on its particular features and your specific short-term objectives. There are specific risks associated with investing in Auction Rate Securities and VRDOs, including but not limited to a Failed Auction. Our "Guide to Cash Alternatives" brochure provides a further discussion of the risks and benefits associated with these securities. Additional information is available from your Financial Advisor.

Mutual Funds and Unit Investment Trusts: *Mutual funds and UITs are sold only by prospectus or offering document, which contains details on risks, expenses and sales charges. Please read the prospectus or offering document carefully*

before investing. UITs are not actively managed. Therefore, securities will not be sold to take advantage of various market conditions to improve the UIT's net asset value.

529 Education Savings Programs: Neither our Firm nor any of its employees provide legal or tax advice. You should discuss the tax implications of a 529 Plan with your legal and/or tax advisor. It is also important to note that the tax implications, as well as investment choices, of 529 Plans may vary significantly from state to state. You should carefully consider these factors before establishing and contributing to a 529 Plan. In addition, 529 Plans are sold via program description documents, which contain detailed information regarding the plan, risks, charges and tax treatment. You should read the program description before investing.

Annuities: Annuities are long-term investment vehicles designed for retirement purposes. Withdrawals or surrenders may be subject to surrender charges. Amounts withdrawn may be subject to ordinary income tax, and, if taken prior to age 59½, a 10% IRS penalty may also apply. Withdrawals have the effect of reducing the death benefit, any living benefits and cash surrender value.

Insurance and Annuities: All contractual guarantees are based upon the claims-paying ability of the issuing insurance company. Guarantees do not apply to the investment performance or safety of amounts held in the variable accounts. Neither life insurance nor annuities products are insured by the FDIC or any other governmental agency.

Variable Life Insurance and Annuities: *Variable life insurance and annuity products are sold by prospectus, which contains more complete information, including investment objectives, risk factors, fees, surrender charges and other costs that may apply. A current prospectus can be obtained from your Financial Advisor. Please read the prospectus carefully before investing.*

The value of the investment options in a variable contract will fluctuate, so that the contract value may be worth more or less than their original costs when redeemed.

PACE: Mutual funds offered through the PACE programs are offered by prospectus, which contains more complete information, including charges, expenses and risks. Please read the prospectus carefully before investing in a fund.

Lending, Loan Accounts and Margin: Credit Lines and Letters of Credit may not be used to purchase, trade or carry securities. Margin loans may be used to purchase, trade or carry securities. Prepayments of certain Credit Line loans will be subject to an administrative fee and may result in a prepayment penalty. Margin loans and Credit Lines are demand loans and are subject to collateral maintenance requirements. The Lender may demand payment at any time.

Further, if the required collateral value is not maintained, the Lender can require clients to post additional collateral, repay part or all of their loan and/or sell securities. Failure to promptly meet a request for additional collateral or repayment or other circumstances (e.g., a rapidly declining market) could cause the Lender to liquidate some or all of the collateral supporting the Credit Lines and Letters of Credit. Any required liquidations may interrupt long-term investment strategies and may result in adverse tax consequences. The Lender does not provide legal or tax advice. Clients should consult their legal and tax advisors regarding the legal and tax implications of borrowing using securities as collateral for a loan.

For a full discussion of the risks associated with borrowing using securities as collateral, clients should review the Loan Disclosure Statement that will be included in their Credit Line, Letter of Credit or account opening applications.

Mortgage Loans and Home Equity Lines of Credit: All products are offered and provided by UBS AG, Tampa Branch dba UBS Mortgage. Credit subject to approval. Certain mortgage products of UBS Mortgage may not be available in your area.

Structured Products: The returns on structured products are linked to the performance of the relevant underlying asset or index. Investing in a structured product is not equivalent to investing directly in the underlying asset or index. Clients should carefully read the detailed explanation of risks, together with other information in the relevant offering materials, including but not limited to information concerning the tax treatment of the investment before investing in any structured product.

Sweep Options for U.S. Accounts: Free credit balances in certain securities accounts are automatically “swept” to interest bearing deposit accounts at UBS Bank USA (Member FDIC), or to an available money market mutual fund (“money market fund”). Funds deposited with UBS Bank USA are FDIC-insured up to \$100,000 per depositor (\$250,000 for some retirement accounts), in accordance with FDIC rules.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. For more information about UBS RMA money market funds, please obtain a prospectus by contacting your Financial Advisor. Investors should consider the investment objectives, charges, expenses and risk factors carefully before investing. The prospectus contains this and other information. Read it carefully before you invest.

A Word to Our Clients

That word is relationship.

Our relationship with you is about much more than the fees and charges for our services. It's about listening, understanding and helping you plan and manage your financial life the way you want.

Your Financial Advisor is committed to building that relationship—a relationship we call “You & Us.” More than a slogan, “You & Us” embodies our belief that sound financial decisions only come when powerful resources are matched with a real understanding of each client's needs.

While we strive to make sure the nature of our services is clear in the materials we publish, if at any time you would like clarification on the nature of your accounts or the services you are receiving, please speak with your Financial Advisor.

Resource Management Account, RMA, International Resource Management Account, IRMA and Business Services Account BSA are registered service marks of UBS Financial Services Inc. ResourceLine is a service mark of UBS Financial Services Inc.

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