



## 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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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's designed to help you pursue your individual financial needs.

One of the most important steps in our wealth management 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.

# 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

## 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.

Through our consultative process, 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 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

# 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. Our Financial Advisors can help you determine which wealth management styles and accounts are most appropriate for your particular needs and preferences. Whatever you choose, our Financial Advisors strive to provide ongoing wealth management guidance.

The 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 Mortgage LLC.

## **Asset-Based Account Relationship and Pricing**

In asset-based relationships, clients pay a quarterly fee, which may cover a variety of services, rather than commissions on transactions. The fee is based primarily on the amount of 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 brokerage accounts.
2. Discretionary portfolio management, in which qualified Financial Advisors 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.

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

Our responsibilities will differ depending on whether the business you conduct with us is brokerage or advisory. 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.

Our Firm is registered and can act as both a broker-dealer and an investment advisor.

- 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 only 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 a 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 asset-based brokerage and 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

fund and insurance companies, 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
- Payments based on our total sales of and/or total client assets in mutual funds, variable annuities and 529 Education Savings Plans, known as "revenue sharing"
- 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" and "Understanding Your Variable Annuity."

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.

### **How Our Financial Advisors Are Compensated**

In general, we pay a percentage of clients' commissions and fees, called a payout rate, to our Financial Advisors, according to an established schedule based on the revenues the Financial Advisor generates with his or her entire client base.

- 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 reduced by \$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/or length of service with our Firm
- The total asset level of the Financial Advisor's client base, including credit line balances
- 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.

In addition, 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.

### **Compensation for New Financial Advisors**

In the first four years of a career as a Financial Advisor, 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 on the amount of assets in certain asset-based fee accounts.

### **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.

# 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.

The tables are divided into five categories: Transaction-Based Account Relationships (starting on this page), Asset-Based Account Relationships (pages 12–16), Credit Products and Bank Deposits (pages 16–17), Other Account Fees (pages 17–19) and Miscellaneous Administrative Fees (page 19).

**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 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 April 30, 2005, 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.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>I. Transaction-Based Account Relationships</b>			
<b>Equity Securities</b>	Common stock, preferred securities (\$25 par), American Depositary Receipts ("ADRs"), closed-end funds and exchange-traded funds	When you buy or sell a stock, you pay a commission based on the quantity of shares and the stock price. Preferred securities also carry a sales charge, known as a commission or a markup/markdown (see the Taxable Fixed Income Securities section on page 7).  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.	Your Financial Advisor receives a percentage of the commissions or charges for equity securities, based on his or her payout rate.
<b>Options</b>	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.
<b>Equity Syndicates</b>	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.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>I. Transaction-Based Account Relationships (continued)</b>			
<b>Taxable Fixed Income Securities</b>	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"), 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, directly 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 may also earn revenues from principal trading in fixed income securities.</p>	Your Financial Advisor receives a percentage of any commissions or charges for taxable fixed income securities, based on his or her payout rate.
<b>Municipal Securities</b>	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 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>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 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.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>I. Transaction-Based Account Relationships (continued)</b>			
<b>Municipal Variable Rate Demand Obligations (VRDOs)</b>	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 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 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.
<b>Auction Rate Securities</b>	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 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 also receives a 0.25% 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 0.25% broker-dealer fee that the Firm receives for operating the auction process. The percentage your Financial Advisor receives is based on his or her payout rate.
<b>Structured Investments</b>	Issued by our Firm and its affiliates, with underlying exposure to equities, indexes, hedge funds, foreign exchange, interest rates, credits and/or commodities	<p>We sell newly issued structured investments 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.</p> <p>Some UBS structured investments 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 and/or its affiliates may also receive compensation from trading and hedging activities related to structured investments 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 offering of structured investments.</p> <p>Secondary (previously issued) structured investments 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 investments vary, please be sure to review the offering materials. You also may contact your Financial Advisor for specific details.</p>	Your Financial Advisor receives a percentage of any commissions or charges for structured investments, based on his or her payout rate.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>I. Transaction-Based Account Relationships (continued)</b>			
<b>Mutual Funds</b>	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 fund's return. Examples include investment management fees, distribution and marketing fees (called "12b-1 fees" or annual distribution fees) and mutual fund transaction fees. Details on the operating expenses are included in each fund's prospectus or offering document.	Your Financial Advisor receives 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 "revenue sharing."	Your Financial Advisor also receives 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 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 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 load 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. Class B shares usually have higher operating expenses than A shares.  The mutual fund may pay our Firm a fee when you purchase shares.	
	• Class C Shares	You are normally not charged a front-end sales charge or a CDSC unless the shares are sold 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 may pay our Firm a fee when you purchase shares.	

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>I. Transaction-Based Account Relationships (continued)</b>			
<b>Unit Investment Trusts (UITs)</b>	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 receives 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>
<b>529 Education Savings Plans</b>	State-sponsored programs designed to help finance education expenses	<p>Our Firm works with third-party providers to offer 529 Plans. We receive a portion of your front-end or deferred sales charge.</p> <p>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>Also similar to mutual funds, 529 Plans carry built-in operating expenses that affect the fund's return. 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
<b>I. Transaction-Based Account Relationships (continued)</b>			
<b>Variable Annuities</b>	Contracts, issued by insurance companies, whose value fluctuates with that of an underlying securities portfolio	<p>There is usually no front-end sales charge. However, most variable annuities carry a contingent deferred sales charge (CDSC) if money is withdrawn during the CDSC period of the contract, which may be up to nine years. Such charges could be as high as 9%. The charge declines to zero over time.</p> <p>Annuity providers pay our Firm commissions ranging from 1% to 6% of your annuity contributions. They may also pay an annual percentage (up to 1.4%) of variable 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 three ways for your Financial Advisor to be paid: (1) a lump sum; (2) a payout over time; or (3) a combination of the two.</p> <p>Your Financial Advisor does not receive any portion of revenue sharing payments that we receive from variable annuity sponsors.</p>
<b>Fixed Annuities</b>	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 5.5%.</p>	Your Financial Advisor receives a percentage of the commissions, based on his or her payout rate.
<b>Disability, Life and Long-Term Care Insurance</b>		<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>	Your Financial Advisor receives a percentage of the premium, based on his or her payout rate.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>II. Asset-Based Account Relationships</b>			
<b>PACE<sup>SM</sup> (Personalized Asset Consulting and Evaluation)</b>	Through the PACE programs, Financial Advisors assist you in implementing an asset allocation strategy using mutual funds, based on your specific financial goals, time horizon and risk tolerance.	<p>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.</p> <p>Mutual funds bought in the PACE program are sold on a load-waived basis, meaning without a sales charge.</p> <p>The various funds may pay our Firm additional amounts, based on our overall sales and/or assets, known as “revenue sharing.”</p> <p>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 9.</p>	<p>Your Financial Advisor is credited with a portion of the fee you pay and receives a percentage of this credited amount, 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>
	<ul style="list-style-type: none"> <li>• PACE Multi Advisor</li> </ul> <p>Offers you access to a broad variety of mutual funds with diverse investment management approaches</p>	<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.</p>	<p>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.</p>
	<ul style="list-style-type: none"> <li>• PACE Select Advisors</li> </ul> <p>Offers you the opportunity to participate in 12 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 Select Portfolios.</p> <p>The current annual rates of investment management fees generally range from 0.40% to 0.90% of the average daily net assets, with a portion being paid to the fund’s subadvisor.</p> <p>The administrative services fees can range from 0.075% to 0.20% of the fund’s average daily assets.</p> <p>These items are further explained in each fund’s prospectus. For more information on mutual funds, please see page 9.</p>	<p>PACE Select Funds do not have 12b-1 fees.</p>

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>II. Asset-Based Account Relationships (continued)</b>			
<b>ACCESS<sup>SM</sup></b>	With a minimum investment of \$100,000 (or more for some fixed income and specialized portfolios), ACCESS is a proprietary program that gives you 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 covers the cost of 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"> <li>• Equity and Balanced <ul style="list-style-type: none"> <li>2.80% for first \$500,000</li> <li>2.20% for next \$500,000</li> <li>1.60% for next \$4 million</li> <li>1.40% for assets over \$5 million</li> </ul> </li> <li>• Fixed Income <ul style="list-style-type: none"> <li>1.25% for first \$500,000</li> <li>1.10% for next \$500,000</li> <li>1.00% for next \$4 million</li> <li>0.80% for assets over \$5 million</li> </ul> </li> </ul> <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 credited with a portion of the fee that you pay and receives a percentage of this credited amount, based on his or her payout rate.
<b>Managed Account Consulting (MAC)</b>	Provides investment consulting services and 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.	There are two pricing structures for MAC accounts: an asset-based fee structure (MAC Fee Account) and a transaction-based structure (MAC Commission Account).	
	<ul style="list-style-type: none"> <li>• MAC Fee Account</li> </ul>	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 credited with a portion of the fee that you pay and receives a percentage of this credited amount, based on his or her payout rate.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>II. Asset-Based Account Relationships (continued)</b>			
<b>Managed Account Consulting (MAC)</b> (continued)	<ul style="list-style-type: none"> <li>MAC Fee Account (continued)</li> </ul>	<p>There are two consulting fee schedules for MAC Fee Accounts:</p> <ul style="list-style-type: none"> <li>Equity and Balanced <ul style="list-style-type: none"> <li>2.05% for first \$500,000</li> <li>1.50% for next \$500,000</li> <li>0.95% for next \$4 million</li> <li>0.80% for assets over \$5 million</li> </ul> </li> <li>Fixed Income <ul style="list-style-type: none"> <li>0.90% for first \$500,000</li> <li>0.75% for next \$500,000</li> <li>0.65% for next \$4 million</li> <li>0.45% for assets over \$5 million</li> </ul> </li> </ul> <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>What your Investment Manager charges: 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>	
	<ul style="list-style-type: none"> <li>MAC Commission Account</li> </ul>	<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: 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
<b>II. Asset-Based Account Relationships (continued)</b>			
<b>Portfolio Management Program (PMP)</b>	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, execution, custodial settlement and related services.</p> <p>There are three fee schedules for PMP accounts:</p> <ul style="list-style-type: none"> <li>• Equity and Balanced               <ul style="list-style-type: none"> <li>2.80% for first \$500,000</li> <li>2.20% for next \$500,000</li> <li>1.60% for next \$4 million</li> <li>1.40% for assets over \$5 million</li> </ul> </li> <li>• Fixed Income               <ul style="list-style-type: none"> <li>1.25% for first \$500,000</li> <li>1.10% for next \$500,000</li> <li>1.00% for next \$4 million</li> <li>0.80% for assets over \$5 million</li> </ul> </li> <li>• Exchange-Traded Funds Strategies               <ul style="list-style-type: none"> <li>1.75% for first \$500,000</li> <li>1.25% for next \$500,000</li> <li>1.00% for next \$4 million</li> <li>0.75% for assets over \$5 million</li> </ul> </li> </ul> <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>	Your Financial Advisor is credited with a portion of the fee that you pay and receives a percentage of this credited amount, based on his or her payout rate.
<b>SELECTIONS<sup>SM</sup></b>	Trained Financial Advisors act as discretionary portfolio managers for equity and balanced portfolios, based primarily, but not exclusively, on research published by UBS Securities LLC.	<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 annual fee covers advisory, execution, custodial settlement and related services.</p> <p>The annual consulting fee schedule for SELECTIONS accounts:</p> <ul style="list-style-type: none"> <li>2.80% for first \$500,000</li> <li>2.20% for next \$500,000</li> <li>1.60% for next \$4 million</li> <li>1.40% for assets over \$5 million</li> </ul> <p>The minimum annual fee for equity and balanced accounts is the lesser of \$2,500 or 2.5% of the account value.</p>	Your Financial Advisor is credited with a portion of the fee that you pay and receives a percentage of this credited amount, based on his or her payout rate.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>II. Asset-Based Account Relationships (continued)</b>			
<b>Diversified Returns Strategy (DRS)</b>	Financial Advisors assist clients in constructing portfolios that use a variety of discretionary and non-discretionary 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 DRS program fee, each mutual fund 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 9.</p>	<p>Your Financial Advisor is credited with a portion of the fee that you pay and receives a percentage of this credited 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>
<b>III. Credit Products and Bank Deposits</b>			
<b>Credit Lines</b>	Revolving loan accounts where credit may be extended, secured by investment assets	<p>You repay the principal amount borrowed, with interest, to 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 credited up to 25 basis points, based on the average daily loan balance, and receives a percentage of this credited amount, based on his or her payout rate.
<b>Deposit Account Sweep Program</b>	We deposit free credit balances in eligible securities accounts into interest-bearing deposit accounts at UBS Bank USA (Member FDIC).	Our Firm receives a fee of up to 0.5%, annualized, of the average daily deposit balance held by UBS Bank USA in deposit accounts established through this program.	Your Financial Advisor is not compensated from this fee.
<b>International Deposit Account</b>	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.

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>III. Credit Products and Bank Deposits (continued)</b>			
<b>Letters of Credit</b>	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 credited with 50% to 70% of the letter of credit fee and receives a percentage of this credited amount, based on his or her payout rate.
<b>Mortgage Loans and Home Equity Lines of Credit</b>	Loans primarily used to purchase or draw funds from personal, residential real estate	<p>You repay the principal amount borrowed, with interest, to UBS Mortgage LLC or the loan servicer.</p> <p>Loans generally have origination fees, application fees and/or closing costs.</p>	Your Financial Advisor receives a credit of 0.30% for a primary loan or 0.15% for a home equity loan, and receives a percentage of this credited amount, based on his or her payout rate.
<b>Margin Loans</b>	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.
<b>IV. Other Account Fees</b>			
<b>Resource Management Account® (RMA®)</b>	Our premier individual account, designed to give you more control of your money	<p>You pay a \$125 annual fee per account, which covers such services as:</p> <ul style="list-style-type: none"> <li>• Automatic sweep</li> <li>• Direct deposit</li> <li>• Online Services</li> <li>• Unlimited check writing</li> <li>• Platinum MasterCard® debit card</li> <li>• Concierge services</li> <li>• Electronic bill payment</li> <li>• Electronic funds transfer</li> <li>• Premier account statement</li> </ul> <p>UBS Rewards, where your purchases earn points toward merchandise, travel and gift certificates, carries an additional annual fee of \$50.</p> <p>Other fees, as applicable:</p> <ul style="list-style-type: none"> <li>• Standard check reorder fee: \$15</li> <li>• Bounced check fee: \$15</li> <li>• Wire transfer fee (outgoing only): \$25</li> <li>• Stop payment order: \$12 for single stop payment, \$25 total for 3 or more</li> </ul> <p>We reserve the right to charge for excessive check writing (e.g., more than 100 checks per month).</p>	<p>Your Financial Advisor's payout schedule includes an extra 1% on business transacted in the RMA account.</p> <p>Your Financial Advisor is also credited on the RMA fee, which may help to increase his or her payout rate, but does not receive any portion of this fee directly.</p>

Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>IV. Other Account Fees (continued)</b>			
<b>International Resource Management Account® (IRMA®)</b>	Our premier account designed for non-U.S. investors who reside outside the U.S.	<p>You pay a \$175 annual fee per account, which covers such services as:</p> <ul style="list-style-type: none"> <li>• Automatic sweep</li> <li>• Online Services</li> <li>• Unlimited check writing</li> <li>• Platinum MasterCard® debit card</li> <li>• Electronic bill payment within the U.S.</li> <li>• Electronic funds transfer to or from accounts within the U.S.</li> <li>• Premier account statement</li> </ul> <p>UBS Rewards, where your purchases earn points toward airline travel, carries an additional annual fee of \$50.</p> <p>Other fees, as applicable:</p> <ul style="list-style-type: none"> <li>• Standard check reorder fee: \$15</li> <li>• Bounced check fee: \$15</li> <li>• Wire transfer fee (outgoing only): \$25</li> <li>• Stop payment order: \$12 for single stop payment, \$25 total for 3 or more</li> </ul> <p>We reserve the right to charge for excessive check writing (e.g., more than 100 checks per month).</p>	<p>Your Financial Advisor's payout schedule includes an extra 1% on business transacted in the IRMA account.</p> <p>Your Financial Advisor is also credited on the IRMA fee, which may help to increase his or her payout rate, but does not receive any portion of this fee directly.</p>
<b>Business Services Account BSA®</b>	Consolidates your business transactions into one account, on one statement, accessible online	<p>U.S. clients pay a \$150 annual fee per account and non-U.S. clients pay a \$175 annual fee per account. The BSA has all of the features of the RMA (see page 17) or IRMA (see above), plus additional business-related features, including:</p> <ul style="list-style-type: none"> <li>• MasterCard BusinessCard® debit card</li> <li>• Electronic bill payment within the U.S.</li> <li>• Card receivables processing</li> </ul> <p>The Business Services Account BSA also provides your business with access to credit through such vehicles as:</p> <ul style="list-style-type: none"> <li>• Standby letters of credit</li> <li>• Premium credit line account</li> </ul> <p>For fees and commissions on credit, please see "Credit Products and Bank Deposits," pages 16-17.</p> <p>Other fees, as applicable:</p> <ul style="list-style-type: none"> <li>• Standard check reorder fee: \$15</li> <li>• Stop payment order: \$12 for single stop payment, \$25 total for 3 or more</li> </ul> <p>We reserve the right to charge for excessive check writing (e.g., more than 100 checks per month).</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 is also credited on the Business Services Account BSA fee, which may help to increase his or her payout rate, but does not receive any portion of this fee directly.</p>
<b>InsightOne<sup>SM</sup></b>	A nondiscretionary brokerage account that gives you easy access to all the services and investment options you may need to help you pursue your financial objectives	As an asset-based alternative to transaction pricing accounts, you pay a fee negotiated with your Financial Advisor, ranging up to 2.5% of eligible account assets. The minimum annual fee is \$1,250.	Your Financial Advisor is credited with a portion of the fee that you pay and receives a percentage of this credited amount, based on his or her payout rate.



Product or Service	Description	How We Charge for Our Services	How Your Financial Advisor Is Compensated
<b>IV. Other Account Fees (continued)</b>			
<b>InsightOne</b> (continued)		<p>The fee is charged quarterly, in advance, and is based on the value of eligible assets in the account at the end of the previous quarter.</p> <p>Purchases of syndicate products are not included in the account assets on which the fee is based for a one-year period. Mutual funds bought in the InsightOne program are sold on a load-waived basis, without a sales charge. Mutual funds with a sales charge bought at our Firm that are later moved into InsightOne are excluded from billing for a two-year period from the original date of purchase.</p> <p>In addition, Securities and Exchange Commission and block trading charges may apply:</p> <ul style="list-style-type: none"> <li>• Equity trades of more than 5,000 shares—\$0.02 per share on each share over 5,000</li> <li>• Option contracts of more than 50 contracts exercised—\$2.00 per contract on each contract over 50</li> </ul>	If your account holds mutual funds, your Financial Advisor may also receive a portion of the ongoing payments, called “trailers,” provided by 12b-1 fees paid to our Firm, based on his or her payout rate.
<b>Individual Retirement Accounts (IRAs)</b>	Traditional, Roth, SEP, SIMPLE; also includes 403(b)(7) and Coverdell Education Savings Accounts	You pay a \$40 annual fee. You pay a \$50 fee to terminate the account.	Your Financial Advisor is not compensated from these fees.
<b>V. Miscellaneous Administrative Fees (does not include every administrative fee)</b>			
<b>Processing and Handling</b>		For most transactions, you pay \$5.25.	Your Financial Advisor is not compensated from these fees.
<b>Account Transfer</b>		You pay a fee of \$75 per transfer.	
<b>Account Maintenance</b>		If your account does not generate revenues (defined as commissions, sales charges, wrap fees, RMA fees, IRA fees and margin interest) of at least \$100 over a specified 12-month period, you may be charged \$75.	
<b>Federal Funds Wire Transfer</b>		You pay \$25 for outgoing wire transfers. There is no fee for wire transfers into your account.	
<b>Returned Checks</b>		You pay \$25 for any returned check.	
<b>Security Transfer Fee</b>		<p>You pay \$25 for:</p> <ul style="list-style-type: none"> <li>• Each certificate registered and shipped in your name or in any name designated by you</li> <li>• Each re-registration of restricted stock</li> <li>• Each re-registration of securities that involves legal transfer</li> </ul>	

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

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# Defined Terms

This agreement ("Agreement") contains the terms and conditions governing your brokerage Account with UBS Financial Services Inc. opened herewith and any other accounts you opened with UBS Financial Services in connection with an assignment of this Agreement or otherwise (the "Account"). Accounts established in one of our Advisory Consulting Services programs will be required to execute additional applications and agreements. Those documents supplement this brokerage agreement and all, collectively, govern your relationship with UBS Financial Services.

In this booklet, the following terms shall have the following meanings:

- "Account" means your Individual Retirement Account, RMA<sup>®</sup>, Business Services Account BSA<sup>®</sup>, UBS InsightOne<sup>SM</sup> Brokerage Account or UBS Financial Services Inc. Self-Directed Account, as applicable.
- "Account Agreement" or "Application" means, collectively, the Account Services Selection application, the Resource Management Account<sup>®</sup> Application and Agreement for Individuals and Custodial Accounts, the Resource Management Account Application and Agreement For Trust and Estate Accounts, the Account Application and Agreement for Organizations and Businesses, the Account Application and Agreement For ERISA Plans, the Participant Account Application and Agreement for ERISA Plans, the InsightOne Account Application and Agreement, the UBS InsightOne Account Agreement for Organizations and Businesses, and the UBS Financial Services Employee Self-Directed Account Application and Agreement, the IRA Application and Adoption Agreement, the Coverdell Education Savings Account Application and Adoption Agreement, the 403(b)(7) Custodial Account Application and Adoption Agreement, and the Business/Trust New Account Form (sometimes collectively referred to as "Account Application").
- "Automatic Payments" means transactions initiated by an external financial institution to process a withdrawal from a UBS Financial Services account into an external account.
- "Bill Payment and Electronic Funds Transfer Service Agreement" means the terms and conditions which govern UBS Financial Services' Bill Payment and Electronic Funds Transfer Service as described herein.
- "Bill Payment Service" means service offered by UBS Financial Services that allows you to pay bills from your account (together with the Electronic Funds Transfer Service, "Bill Payment and Electronic Funds Transfer Service").
- "Card Issuer" means Juniper Bank or the issuer and processor of UBS American Express Card<sup>®</sup> appointed by UBS Financial Services from time to time, its successors and assigns.
- "Cardholder Agreement" means the terms and conditions set forth herein in the "UBS American Express Cardholder Agreement" section of this booklet.
- "Check Provider" means, as applicable, the provider or processor of RMA or Business Services Account BSA checks appointed by UBS Financial Services from time to time.
- "Custodial Agreement" means, as applicable, the IRA custodial agreement approved by the Internal Revenue Service applicable to the Account with respect to which Client has acknowledged receipt and his or her agreement or the 403(b)(7) custodial agreement applicable to the account with respect to which Client has acknowledged receipt and his or her agreement, and any amendments to any of those.
- "Deposit Accounts" means interest-bearing FDIC-insured deposit accounts at UBS Bank USA.
- "Deposit Account Sweep Program" means the UBS Financial Services deposit account sweep program through which free cash balances in eligible securities accounts at UBS Financial Services are automatically deposited into Deposit Accounts. The Deposit Account Sweep Program is available only for Eligible Participants.
- "Designated Authorized Account" (DAA) means the Account.
- "Direct Deposits" means transactions initiated by an institution to process a deposit into a UBS Financial Services account.
- "Disclosure Documents" collectively refers to the booklet entitled "Important Account Information and Disclosures" (hereinafter referred to as the "Important Account Information and Disclosures booklet"), the [Loan Disclosure Statement and, as applicable, the UBS Visa Signature Credit Card Terms and Conditions](#), ~~prospectuses of the Funds, the Cashfund~~ [prospectus and the offering documentation for the Other Sweep Options, the UBS Financial Services Deposit Account Sweep Program Disclosure Statement, and, if applicable, the Disclosure Statement for IRAs](#).
- "Disclosure Statement" means the Deposit Account Sweep Program Disclosure Statement, included herein.
- "Electronic Funds Transfer Service" means the service offered by UBS Financial Services that allows you to transfer funds electronically between certain accounts at UBS Financial Services and other financial institutions.
- "Eligible Participants" means individuals, trusts (providing that the all beneficiaries of the trust accounts are natural persons or non-profit organizations), sole proprietors and governmental agencies. Custodial accounts are also Eligible Participants if each beneficiary thereof is an Eligible Participant. Eligible Participants do not include Clients that are (a) non-profit organizations, including organizations described in sections 501(c)(3) through (13) and (19) of the Internal Revenue Code of 1986, as amended, (b) estates, (c) enrolled in UBS Financial Services Advisory Consulting Services programs (other than InsightOne<sup>SM</sup> and PACE<sup>SM</sup> accounts and Employee Self Directed Accounts), (d) not resident in the United States or (e) that are ERISA Plans or retirement plans under Section 403(b)(7) of the Internal Revenue Code of 1986, as amended, or under any other employee retirement or welfare plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").
- "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.
- "ERISA Plan" means a plan account subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") other than such a plan consisting solely of Individual Retirement Accounts.
- "FDIC" means the Federal Deposit Insurance Corporation.
- "Funds" means one or more of the RMA money market funds as more fully described in the prospectus of the UBS RMA Funds.
- "Individual Retirement Accounts" means Traditional, SIMPLE, or Roth IRA accounts.
- "Other Sweep Options" means such other applicable sweep investment options as may be offered from time to time.
- "Property" includes, but is not limited to, securities, money, stocks, options, bonds, notes, futures contracts, commodities, commercial paper, certificates of deposit and other obligations, contracts, all other property usually and customarily dealt in by brokerage firms and any other property that can be recorded in any of Client's accounts with UBS Financial Services.
- "Retirement Money Fund" means the UBS Retirement Money Fund, as more fully described in the prospectus of the UBS Retirement Money Fund.
- "RMA" means Resource Management Account.
- "Securities Intermediary" means: 1) a clearing corporation; or 2) a person, including a bank or broker, that in the ordinary course of business maintains securities accounts for others and is acting in that capacity, as such terms are interpreted under Section 8-102(a)(14) of the Uniform Commercial Code, as in effect in the State of New York from time to time ("UCC").
- "Sweep Option" means the Deposit Accounts or the RMA money market funds or other applicable sweep investment options as more fully described in the Disclosure Statement or the prospectuses for the UBS RMA money market funds or other applicable sweep investment options, as applicable.
- "UBS American Express Card" means the UBS American Express Card that allows access to the Withdrawal Limit on the Account.
- "UBS Bank USA" means UBS Bank USA, a Utah industrial bank, an affiliate of UBS Financial Services and a Member FDIC wholly owned subsidiary of UBS AG.
- "UBS Financial Services" means (other than as provided in the sections entitled "Client Privacy Notice," "Account Protection," "RMA/Business Services Account BSA Check Writing," "Deposit Account Sweep Program Disclosure Statement," "Statement of Credit Practices" and "UBS Mortgage LLC Affiliated Business Disclosure Statement") UBS

<sup>1</sup>Only free cash balances that are non-PACE assets are eligible to be swept under the Deposit Account Sweep Program.

Financial Services Inc., its successor firms, subsidiaries, correspondents and/or affiliates, including, without limitation, its parent company, UBS AG and all its subsidiaries and affiliates.

- “UBS Financial Services BSA” means UBS Business Services Account BSA®. UBS Financial Services Inc. BSA’s features are more fully described in this Important Account Information and Disclosures booklet.
- “You, your, I, me, client and Account Holder” means each person, entity, trust or estate, sole proprietor, organization, or business designated on the Application as the “Sole Owner/Minor/Primary Account

Holder/Individual/Trust/Estate,” “Joint Account Holder/Parent/Guardian/Committeeman/ Conservator/Trustee/Executor/ Administrator,” or each person signing the application, and each beneficiary of an IRA or 403(b)(7) entitled to receive assets from the IRA or 403(b)(7) upon the death of the Account Holder. For ERISA Plans, the term “You, your, I, me, client and Account Holder” means the plan sponsor, the trustees, fiduciaries, and also any plan participants and beneficiaries responsible for directing the investments in the Account.

For purposes of the unnamed sections, unless specifically noted in a section, “UBS Financial Services” solely refers to UBS Financial Services Inc. and its successor firms.

## Client Agreements

### Client Agreement for RMA Accounts

#### **BY SIGNING THE ACCOUNT APPLICATION, I UNDERSTAND, ACKNOWLEDGE AND AGREE TO EACH OF THE FOLLOWING:**

**A.** Upon execution of this Resource Management Account Application (“Account Application”), I will have supplied all of the information requested in the Account Application and the Client Information and Agreement For Individuals form, and I confirm that all of the information provided is true and accurate. I understand that I will receive a written notice of certain information I have provided about myself and this Account and I agree to review that notice and promptly notify UBS Financial Services in writing of any material changes to any or all of the information contained in the Client Information and Agreement For Individuals form and this Account Application, including, but not limited to, information relating to my financial situation or investment objectives.

**B. In accordance with the last paragraph of the Master Account Agreement titled “Arbitration,” I am agreeing in advance to arbitrate any controversies which may arise with UBS Financial Services and others.**

**C. If my account is established with margin, certain of the securities in my account may be loaned to UBS Financial Services or to others.**

**D.** My account will be charged an annual service fee as described in the Fees and Charges section of the Master Account Agreement.

**E.** If I select the RMA Premier Level program, an additional annual upgrade fee will be charged as described in the “Important Account Information and Disclosures” booklet.

**F.** I have received a copy of, read and understand the Important Account Information and Disclosures booklet containing, among other things, the Master Account Agreement, the Bill Payment and Electronic Funds Transfer Services Agreement and the UBS American Express Cardholder Agreement. I agree to be bound by the terms and conditions in the Important Account Information and Disclosures booklet to the same extent as if those terms and conditions were contained in this document.

**G.** I agree that this Account is also governed by my Client Information and Agreement For Individuals form, and the other documents incorporated there by reference.

**H. If I have applied for the UBS Visa Signature credit card I agree to be bound by the terms and conditions stated in the UBS Visa Signature Credit Card Acknowledgement in the Account Application.**

### Client Agreement for IRA Accounts

I hereby establish the type of Individual Retirement Account selected on this Application (“IRA”) and designate UBS Financial Services Inc. (“UBS Financial Services”) to serve as custodian of the IRA under the terms of the related Custodial Agreement and effective upon UBS Financial Services Inc.’s acceptance. **BY SIGNING BELOW, I UNDERSTAND, ACKNOWLEDGE AND AGREE THAT:**

**A.** Upon execution of this IRA Account Application (“Account Application”), I will have supplied all of the information requested in the Account Application and the Client Information and Agreement For Individuals form, and I confirm that all of the information provided is true and accurate. I understand that I will receive a written notice of certain information I have provided about myself and this Account and I agree to review that notice and promptly notify UBS Financial Services in writing of any material changes to any or all of the information contained in the Client Information and Agreement For Individuals form and this Account Application, including, but not limited to, information relating to my financial situation or investment objectives.

**B.** that an annual service fee will be charged as described in the Fees and Charges section of the Master Account Agreement;

**C.** I have received a copy of, read and understand the “Important Account Information and Disclosures” booklet containing, among other things, the Master Account Agreement (which contains a copy of these Paragraphs A through E), the Custodial Agreement and Disclosure Statement applicable to the IRA. I agree to be bound by the terms and conditions in the Important Account Information and Disclosures booklet to the same extent as if those terms and conditions were contained in this document.

**D.** Pursuant to the Custodial Agreement, any interest in this IRA that is not effectively disposed of by the beneficiary designation I make in this Application or any subsequent beneficiary designation will be paid to my surviving spouse, and if no surviving spouse, to my estate.

**E.** I agree that this Account is also governed by my Client Information and Agreement For Individuals form, and the other documents incorporated there by reference.

## Master Account Agreement

### **Important Information About UBS Bank USA Deposit Sweep Program**

Resource Management Accounts (RMA), IRA RMA accounts, Business Services Account BSA Accounts, Coverdell Education Savings Accounts, and Individual Retirement Accounts of Eligible Participants automatically default to the Deposit Account Sweep Program unless you select one of the other sweep options available. You should review the UBS Financial Services Deposit Account Sweep Program Disclosure Statement carefully before selecting their sweep option and should note the following:

The Deposit Accounts are insured by the FDIC to a maximum of \$100,000 (for individual accounts) or \$200,000 (for joint accounts) (in each case, including principal and interest) for the total amount of all Deposit Accounts held in each recognized legal capacity (for example, individual accounts, joint accounts, certain retirement accounts, etc.). If you have multiple accounts at UBS Financial Services held in the same recognized legal capacity that sweep into the Deposit Accounts, once those accounts

exceed, as applicable, \$100,000 or \$200,000 in the aggregate, then your aggregate funds on deposit with UBS Bank USA will exceed FDIC insurance coverage limits. UBS Financial Services is not responsible for any insured or uninsured portion of the Deposit Accounts.

UBS Financial Services is a member of the Securities Investor Protection Corporation ("SIPC"). SIPC provides protection for your account(s) at UBS Financial Services up to \$500,000, including \$100,000 for free cash balances in the unlikely event that UBS Financial Services fails financially. The SIPC asset protection limits apply, in the aggregate, to all accounts that you hold in a particular capacity. The Funds, Cashfund and Other Sweep Options are not bank accounts and balances held therein are not protected by the FDIC. However, balances in the Funds, Cashfund and Other Sweep Options are covered by SIPC and the supplemental insurance obtained by UBS Financial Services for your benefit. See the Important Account Information and Disclosures booklet and the UBS Financial Services Deposit Account Sweep Program Disclosure Statement for more information regarding SIPC protection.

UBS Bank USA, UBS AG and UBS Financial Services Inc. may receive substantial financial benefits for activities related to the Deposit Accounts.

Please see the UBS Financial Services Deposit Account Sweep Program Disclosure Statement for details.

### **Resource Management Account, Business Services Account BSA, ERISA Plan, Individual Retirement Account, and Coverdell Education Savings Account Agreement**

#### **Authorization**

Trust account clients may opt for the Personal Trust Account (PTA) which is an RMA for trust accounts and hereafter deemed included in references to "RMA."

You understand and agree that your request to open an Account is subject to the receipt of a signed application and the approval by UBS Financial Services in its sole discretion. If approved, UBS Financial Services will open your RMA or UBS Financial Services BSA after receipt by UBS Financial Services of a signed Application and, if applicable, a completed section for checks and UBS American Express Card or UBS Visa Signature credit card and/or margin if you select such features. Certain of the services may be subject to limitations on their availability as required by law, regulation, rule or UBS Financial Services' policies. You will automatically be considered for margin unless you have indicated on the Application your election not to be considered for margin or you have requested the opening of an Account for which UBS Financial Services Inc. does not extend margin (e.g., an Individual Retirement Account, ERISA Plan, Coverdell Education Savings Account, 403(b)(7) Account, UGMA, UTMA, Estate or 529 Plan Account). By signing the Application, you acknowledge that you have received and read the Disclosure Documents.

Your authorization shall remain in full force and effect until a reasonable time following the receipt by UBS Financial Services of written notice of revocation.

#### **Sweep Options**

Resource Management Accounts and UBS Financial Services BSA accounts of Eligible Participants automatically default to the Deposit Account Sweep Program (without limit if no limit is selected) unless you affirmatively elect a tax-free Fund (that is, California Municipal Fund, New Jersey Municipal Fund, New York Municipal Fund or Tax-Free Fund) on the Application (the "Primary Sweep Option").

If you are not an Eligible Participant and do not affirmatively elect a Fund on the Application, available funds will be automatically swept into the Money Market Portfolio, except for ERISA Plans which sweep into Retirement Money Fund.

If you have chosen a limit for the Deposit Account Sweep Program, available balances in excess of such limits will automatically be invested in the Funds, Other Sweep Option or, if applicable, Retirement Money Fund (Individual Retirement Accounts, Coverdell Education Savings Accounts, and ERISA Plans

only) selected on the Application.

You hereby authorize UBS Financial Services to invest or "sweep" available credit balances, for which no interest is otherwise earned or paid, in the Account into the Deposit Accounts, or the Funds, or Other Sweep Option selected on the Application, depending upon whether or not you are an Eligible Participant, or if you have elected a tax-free Fund, as instructed in the Application, and subsequently liquidate any such shares so purchased or withdraw Deposit Account balances at such times, and for such periods of time as UBS Financial Services may decide in its sole discretion.

Additionally, you authorize UBS Financial Services to make withdrawals in accordance with the terms of the Disclosure Documents. You agree that UBS Financial Services has the right to withhold any redemption, liquidation or withdrawal proceeds or other payments from your Account until all funds placed on account in your Account have been collected. The collection periods are set forth in the Disclosure Documents.

You acknowledge that UBS Financial Services may delay acting on your instructions or effecting payments until your Account contains funds sufficient to meet your obligations.

If you are an ERISA Plan, it is required to select a money market fund sweep feature or Other Sweep Option. If no money market fund sweep feature or Other Sweep Option is selected, you authorize UBS Financial Services Inc. to sweep available credit balances into the UBS Retirement Money Fund subject to the terms and conditions contained in the prospectus which is provided to you upon opening the Account. If you affirmatively elect not to have a sweep feature, there will be no automatic sweep from the Account and credit balances will not earn an investment return.

This authorization shall remain in full force and effect until a reasonable time following the receipt by UBS Financial Services' of written notice of revocation.

#### **Check Writing Privilege**

If you agree to accept the check writing feature on the Application, you may write checks or authorize drafts against an RMA or UBS Financial Services BSA checking account serviced by the Check Provider. You may use these checks only in conjunction with your RMA or UBS Financial Services BSA and only up to amounts within the Account's "Withdrawal Limit" as defined in the Disclosure Documents. You authorize UBS Financial Services to reimburse the Check Provider in federal funds when checks or drafts are presented to the Check Provider and to automatically debit your RMA or UBS Financial Services BSA on the day of payment to the Check Provider. You agree to have sufficient assets in your RMA or UBS Financial Services BSA on the day UBS Financial Services receives notification for payment from the Check Provider of payment of a check as well as on the day you write the check. You understand that the checks may be used in the same manner and are subject to the normal procedures, rules and regulations as regular checks payable at the Check Provider. You hereby authorize the Check Provider to honor checks (a) bearing a signature with an approved first name, a middle initial or a name deleted or added if the Check Provider otherwise reasonably believes the signature to be authorized and (b) bearing only one signature unless you instruct the Check Provider in writing that multiple signatures are required. Further, you authorize the Check Provider to honor unsigned drafts presented by third parties based on a signed separate written authorization from you to any such third party.

#### **UBS American Express® Card**

You understand and agree that by signing the Application, you have requested one or more UBS American Express Card(s) (each, a "Card") unless you have elected otherwise on the Application or the account is a trust, estate, guardian, committeeman, or conservator account. Cards are not permitted where the Account is an Individual Retirement Account, ERISA Plan, Coverdell Education Savings Account, 529 Plan, or 403(b)(7) Account. You authorize UBS Financial Services and the Card Issuer to effect Card transactions in the manner described in the Disclosure

Documents.

You understand that the Card Issuer will allow Card transactions to the "Withdrawal Limit" (as described in the Disclosure Documents). You agree to have sufficient available assets to make payment in full for Card transactions as they become available and understand that if sufficient assets are not available to cover Card transactions, the Card Issuer may suspend and/or then cancel your Card. You agree that the use of any Card in connection with your RMA or UBS Financial Services BSA will also be governed by the terms and conditions contained in the Cardholder Agreement set forth in this Important Account Information and Disclosures booklet and you agree to comply with such terms and conditions.

American Express converts transactions in foreign currencies into U.S. dollars. Unless a particular rate is required by applicable law, foreign transactions are converted using wholesale interbank rates selected by American Express on the business day prior to the day on which the transactions are processed by American Express. The currency conversion rate used on the conversion date may differ from the rate in effect on the date you used your UBS American Express Card. American Express assesses a currency conversion factor of 1.5% to the converted amount (in other words to the U.S. dollar equivalent of the foreign transaction) and this factor will be aggregated with the converted amount on your statement.

If you are a UBS Select American Express Cardholder, and you use your UBS American Express Card or account to effect a transaction with a business, other entity or person located outside of the United States, the Card Issuer will charge a Foreign Country Transaction Fee of one-half of one percent (0.50%) of the U.S. dollar amount. The Card Issuer's Foreign Country Transaction Fee is in addition to the currency conversion factor assessed by American Express discussed in the previous paragraph.

UBS Premier American Express Cardholders will not be charged a Foreign Country Transaction Fee by the Card Issuer and will only be assessed the currency conversion factor by American Express as discussed above.

By accepting a Card, you agree that you will not dispose of your assets in your RMA or UBS Financial Services BSA or any other account you may have with UBS Financial Services, if such disposal will negatively affect your ability to pay for Card transactions. You understand and agree that UBS Financial Services has the right to apply assets in any of your accounts with UBS Financial Services to pay debts incurred on your Card, or to pursue any of your other assets to pay debts incurred on your Card.

#### **Limitations**

You agree that Cards or checks issued in connection with your RMA or UBS Financial Services BSA cannot be used to purchase securities or any other products or services available through UBS Financial Services. You further understand and agree that UBS Financial Services may request and the Card Issuer and Check Provider may provide UBS Financial Services with copies of checks and/or Card and bill payment drafts processed from your RMA or Business Services Account BSA.

#### **RMA, Business Services Account BSA, ERISA Plan, Individual Retirement Account, and Coverdell Education Savings Account Fees**

You will pay UBS Financial Services the APPLICABLE RMA/Business Services Account BSA annual service fee as set forth in the "Selected Fees and Charges" outlined in this Important Account Information and Disclosures booklet. YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THIS IMPORTANT ACCOUNT INFORMATION AND DISCLOSURES BOOKLET, INCLUDING BUT NOT LIMITED TO THE SECTION TITLED "SELECTED FEES AND CHARGES". The annual service fee and any other fees are subject to change by UBS Financial Services at any time. You will also pay UBS Financial Services brokerage fees for all securities transactions effected in a brokerage account. If this is a Custodial account and you do not select any RMA features the RMA annual service fee is waived. If the Custodial account has any of the RMA features the RMA annual service fee as set forth in the "Selected Fees and Charges" outlined in the Account Information Booklet will apply. The annual service fee and any other fees are subject to change by UBS Financial Services at any time.

You will pay the Check Provider and/or UBS Financial Services customary fees

for specially imprinted checks, stop payment orders, copies of checks more than one month old, checks returned for insufficient funds. You authorize UBS Financial Services to charge the annual service fee and to charge your RMA or Business Services Account BSA for all other fees you owe.

UBS Financial Services reserves the right to begin to impose charges for utilization of RMA or Business Services Account BSA features beyond the annual fee at any future date.

#### **Payments**

You authorize UBS Financial Services to pay from the Withdrawal Limit in your RMA or UBS Financial Services BSA all debts incurred by you to UBS Financial Services, the Card Issuer or the Check Provider in connection with RMA or UBS Financial Services BSA services as set forth in the "Payments" section of this booklet. Debts include, but are not limited to, the amounts you owe to UBS Financial Services for securities purchases, RMA or UBS Financial Services BSA Account fees, drafts, fees for federal fund wires, customary transactional and brokerage fees as well as interest you may owe UBS Financial Services as a result of margin calls and/or loans in any of your accounts with UBS Financial Services. Debts also include any Card transactions, Bill Payment service transaction debits, Electronic Funds Transfers, drafts or check charges, or any other means by which you authorize a third party to debit any of your accounts with UBS Financial Services (in the case of the Card Issuer or Check Provider limited, however, to the amount of the Withdrawal Limit). This is in addition to, and not in any way limiting, any other rights UBS Financial Services may have, including without limitation, under the heading "Security Interest" of the General Terms and Conditions hereof.

#### **Margin Agreement**

##### **Authorization**

You will automatically be considered for margin unless you have indicated on the Application that you do not wish to be considered for margin or you have requested the opening of an Account for which UBS Financial Services Inc., which provides margin services for UBS Financial Services clients, does not extend margin (e.g., an Individual Retirement Account, ERISA Plan, Coverdell Education Savings Account, 403(b)(7) Account, UGMA, UTMA, Estate or 529 Plan Account). For Managed Account programs, margin is not permitted unless expressly approved by UBS Financial Services. If you are adding services to an existing Account that has margin, the margin feature will automatically apply to your upgraded Account. You acknowledge that UBS Financial Services will receive increased compensation in connection with the Account from your use of margin borrowing. In return for UBS Financial Services' extension or maintenance of credit in connection with this Account, You acknowledge that UBS Financial Services and its successors and assignees are authorized in the usual course of business to lend, relend, hypothecate, pledge or repledge separately or together with property of others, either to UBS Financial Services or to others, any Property which UBS Financial Services may carry for you on margin or until such time as payment is received for any such Property. Due to industry regulations, in certain circumstances, such loans may limit, in whole or in part, your ability to exercise voting rights of the securities lent. UBS Financial Services will determine which of your voting rights are limited via an impartial lottery allocation system. Therefore, in some cases, you may receive proxy materials indicating voting rights for a fewer number of shares than are held in your Account, or you may not receive any proxy materials. You agree to participate in the lottery allocation system and to be bound by its results. In connection with such loans and in connection with securities loans made to you in connection with short sales, UBS Financial Services is authorized to receive and retain certain benefits (including, but not limited to, interest on collateral posted for such loans) to which you will not be entitled. Your authorization of a margin feature shall remain in full force until UBS Financial Services receives written notice of revocation.

##### **Margin Requirements**

You agree to maintain in the Account such positions and margin as required by all applicable statutes, rules, regulations, procedures and customs or as UBS Financial Services deems necessary or advisable, and

where applicable, to satisfy any and all margin calls issued in connection with the Account.

## **Risk**

You understand that there are substantial risks involved in trading securities on margin, especially in periods of market volatility. When you buy on margin, losses can increase significantly just as gains can increase. A decline in the value of the securities securing your margin loan may require you to deposit additional funds into the Account. Unlike a cash trade, when a trade is done on margin, losses can exceed the amount of capital you committed to the trade. If you fail to promptly meet a margin call, and under certain other circumstances, UBS Financial Services can, among other things, force the sale of securities in the Account without notifying you, and you may have to sell the securities at unfavorable prices. For small transactions, the costs involved in utilizing margin may outweigh any benefit to you. Please review carefully the disclosure document entitled "Loan Disclosure Statement—Risk Factors You Should Consider Before Using Margin or Other Loans Secured by Your Securities Accounts" included with the Application for a detailed discussion of the risks involved with the use of margin.

## **Liquidation and Covering Positions**

UBS Financial Services shall have the right, at any time and without prior notice, to satisfy a margin call or to obtain full payment of the margin loan, all without demand for margin or additional margin, other notice of sale or purchase, or other notice of advertisement. To satisfy a margin call or to obtain full payment of the margin loan, UBS Financial Services shall have the right in accordance with UBS Financial Services' general policies regarding UBS Financial Services' margin maintenance requirements then in existence (or, if in its discretion UBS Financial Services considers it necessary for your or UBS Financial Services' protection; or, in the event of a petition in bankruptcy, or for the appointment of a receiver, is filed by or against you, or an attachment is levied against any account with UBS Financial Services or in the event of your death or dissolution) to (i) require additional collateral, (ii) sell any or all Property in any of your accounts with UBS Financial Services, whether carried individually or jointly with others, (iii) buy any or all Property which may be held short in the Account, (iv) cancel any open orders and close any or all outstanding contracts or (v) liquidate any of your accounts with UBS Financial Services. Any such sales or purchases may be made at UBS Financial Services' discretion on any exchange or other market where such business is usually transacted, or at public auction or private sale, and UBS Financial Services may be the purchaser for UBS Financial Services' own account. UBS Financial Services shall not be responsible for losses incurred by you if UBS Financial Services sells your Property or positions, irrespective of whether or not UBS Financial Services notifies you of a margin call giving rise to such sale. UBS Financial Services may at any time, and in its sole discretion, subject to applicable rules and regulations, amend the requirements applicable to your margin account, including changing the level of credit available to you and applicable maintenance requirements. It is understood that a prior demand, or call, or prior notice of the time and place of such sale or purchase shall not be considered a waiver of UBS Financial Services' right to sell or buy without demand or notice as herein provided. In addition, as set forth in "Liquidation of Collateral or Account" below, UBS Financial Services may satisfy any and all amounts that you owe in connection with the Account from any or all Property held in the Account or in any other account you may have with UBS Financial Services.

## **Agreement for Joint Accounts**

The form of ownership selected for your Account may have significant legal consequences. Any references to a particular form of joint ownership contained in the Application or other Account documentation are for convenience only and you should not rely on the reference as meaning such form of ownership is recognized in a particular state or otherwise appropriate for you.

If you need information about what form of ownership is appropriate for you, you should consult your tax or legal advisor. UBS Financial Services and its employees do not give tax or legal advice. If the Application includes an election for a Joint Account, you request and instruct UBS Financial Services to open an account (the "Joint Account") on UBS Financial Services' books for the purchase and sale of stocks, bonds, options and other securities,

evidences of indebtedness and commodities. You agree that any and all controversies which may arise between you and UBS Financial Services are subject to the arbitration and governing law clauses contained herein. See "Applicable Law" and "Arbitration" below.

Any individual who is a Joint Account Holder has full power and authority to make purchases and sales, including short sales (if you have authorized margin), to withdraw any and all Property from, or to do anything else in reference to the Joint Account, either individually or in your joint names, and UBS Financial Services, the Card Issuer and the Check Provider are authorized and directed to act upon instructions received from any individual Account Holder and to accept payment and securities from any individual Account Holder for the credit of the Joint Account. In consideration of UBS Financial Services carrying a Joint Account on margin or otherwise, you each agree to be jointly and severally liable for the Joint Account and in connection with any transaction in the Joint Account and to pay on demand any debit balance or losses at any time due in the Joint Account. Any and all notices, communications, or any demands for margin calls sent to any individual Account Holder shall be binding upon all, and may be given by mail or other means of communication. UBS Financial Services, in its sole discretion, may at any time demand payment on any debit balance or losses, irrespective of when due, in the Joint Account, suspend all activity in the Joint Account pending instructions from a court of competent jurisdiction or require that instructions pertaining to the Joint Account or the property therein be in writing signed by both or all Account Holders. The individual authority of each individual Account Holder to act in connection with the Joint Account shall continue until a reasonable time after UBS Financial Services receives written notice from any individual Account Holder closing the Joint Account.

Each Account Holder agrees to indemnify and hold UBS Financial Services, the Primary Sweep Option, or Other Sweep Options or the RMA Money Market Portfolio, as applicable, and the Card Issuer and Check Provider harmless from and against any losses, causes of action, damages and expenses arising from or as a result of UBS Financial Services or the Card Issuer or Check Provider following the instructions of any of the Account Holders.

## **GENERAL TERMS AND CONDITIONS**

### **Client Representation**

The individual(s) signing the Application represent(s) to have reached the age of majority according to the laws of the state of your residence and according to the laws of the State of New York or if the individual(s) is signing on behalf of an organization, he/she/it has the authority to execute this Agreement. You represent that it is duly authorized to conduct business in the jurisdiction from which it transacts business. You agree to abide by UBS Financial Services' policies, and the Rules and Regulations as set forth below. You will notify UBS Financial Services promptly if you are or become employed by any of the following: any exchange or any corporation of which any exchange owns a majority of the capital stock; any member or firm registered on any exchange; any bank, trust company, insurance company; or any company or individual dealing, either as broker or principal, in stocks, bonds or any other securities, commodities, commercial paper or other financial instruments or assets. Except as provided for, or disclosed, in this Agreement, no one other than you has or will have an interest in the Account unless and until UBS Financial Services is notified in writing by you, and under such circumstances until UBS Financial Services Inc., UBS Financial Services' clearing firm, agrees to continue to carry the Account. You understand that UBS Financial Services is prohibited under the National Association of Securities Dealers (NASD) Free Riding and Withholding Interpretation from selling securities in certain public offerings to persons restricted by such rules. Unless you have so described on the Application, you are not presently so restricted, and if you are or become so restricted, you agree to notify UBS Financial Services promptly. You (or where you are not a natural person, each of the individual(s) signing the Application) represent that he, she or it has and will have all necessary licenses, authorizations, consents, approvals (and if you are not an individual, powers in its authorization papers) to enable you to effect all transactions in investments under the Terms and Conditions of this Agreement. The individual(s) signing the Application further represents and warrants that if you are a corporation, limited liability company,



partnership, sole proprietorship, foundation/charitable organization, ERISA Plan, custodian, conservator, guardian, executor or trustee, each of such individuals or entities signing on behalf of you have the authority to open this Account on your behalf and to conduct transactions on your behalf, including without limitation, transactions involving the remittance or withdrawal of cash or other Property to or from an account and transfers/distributions from the Account by check, automatic fund transfer, debit card (if used) or otherwise to such individuals or entities and others.

Subject to any applicable financial privacy laws and regulations, you understand and agree that data regarding you and the Account may be shared with UBS Financial Services' affiliates. Further, subject to any applicable financial privacy laws and regulations, you request that UBS Financial Services share such personal financial data with the Card Issuer and Check Provider and other non-affiliates of UBS Financial Services as is necessary or advisable to effect, administer or enforce, or to service, process or maintain, all transactions and accounts contemplated by this Agreement. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information and/or documentation that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. We may also screen your name against various databases to verify your identity. In the event that UBS Financial Services is unable to verify your identity, UBS Financial Services shall have the right, at any time and without prior notice, to (i) sell any or all Property in any of your accounts with UBS Financial Services, whether carried individually or jointly with others, (ii) buy any or all Property which may be held short in your account, (iii) cancel any open orders and close any or all outstanding contracts, (iv) liquidate any of your accounts with UBS Financial Services, or (v) distribute the assets in your Account to you. UBS Financial Services shall not be responsible for losses you incur if UBS Financial Services sells your Property or positions, nor for taxable consequences of liquidating assets and/or distributing them to you.

You authorize UBS Financial Services to obtain a credit report or other credit references concerning you (including, without limitation, making verbal or written inquiries concerning your credit history) or to otherwise verify or update credit information given to UBS Financial Services at any time. You authorize the release of this credit report or other credit information to the Card Issuer and Check Provider or to UBS Financial Services affiliates as it deems necessary or advisable to effect, administer or enforce, or to service, process or maintain all transactions and accounts contemplated by this Agreement, and for the purpose of offering additional products, from time to time, to you. You authorize UBS Financial Services to exchange your information with any party it reasonably believes is conducting a legitimate credit inquiry in accordance with the Fair Credit Reporting Act. UBS Financial Services may also share credit or other transactional experience with your designated UBS Financial Services Financial Advisor or other parties designated by you.

### **Rules and Regulations**

All transactions in the Account shall be subject to the constitution, rules, regulations and custom and usage of the exchange or market and its clearing agency, if any, on which such transactions are executed by UBS Financial Services or UBS Financial Services' agents, including UBS Financial Services Inc. and other subsidiaries and affiliates. Such transactions are also subject, where applicable, to the provisions, rules and regulations of the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the Board of Governors of the Federal Reserve System in existence at this time and as later amended and supplemented. Client acknowledges that UBS Financial Services is subject to examination by various federal, state and self-regulatory organizations and that books and records maintained by UBS Financial Services are subject to inspection and subpoena by these regulators and by federal, state, and local law enforcement officials. You also acknowledge that such regulators and officials may, pursuant to treaty or other arrangements, in turn disclose such information to the officials or regulators of other countries, and that U.S. courts may be required to compel UBS Financial Services to disclose such information to the officials or regulators of other countries. You agree that UBS Financial Services may

disclose to such regulators and officials information about your transactions in the Account without notice to Client. In addition, UBS Financial Services may in the context of a private dispute be required by subpoena or other judicial process to disclose information or produce documentation related to you, the Account or other accounts at UBS Financial Services. You acknowledge and agree that UBS Financial Services reserves the right, in its sole discretion, to respond to subpoenas and judicial process as it deems appropriate.

### **Anti-Money Laundering**

UBS Financial Services is firmly committed to compliance with all applicable laws, rules and regulations, including those related to combating money laundering. You understand and agree that you must take all necessary steps to comply with the anti-money laundering laws, rules and regulations of your country of origin, country of residence and the situs of your transaction.

### **Liability**

You acknowledge and agree that you will be personally liable for any fees or other obligations accruing to UBS Financial Services under this Agreement and you (including each joint account holder) hereby agree to indemnify UBS Financial Services, the Other Sweep Options or the Funds as applicable, and the Card Issuer and the Check Provider against any losses arising from (a) any and all Account transactions effected or incurred by any person authorized to effect such transactions, including without limitation redemption of any shares of Funds, Other Sweep Options and any other money market fund and similar fund shares, deposits and withdrawals of funds from the Primary Sweep Option, use of the check writing privilege (including unsigned drafts presented by third parties), security transactions, Card transactions, Bill Payment Services and Electronic Funds Transfer Service transactions and (b) any debits, charges, fees or other obligations in the Account.

You shall at all times be liable for the payment of any amounts advanced, any debit balances or other obligations owing in the Account and you shall be liable to UBS Financial Services for any deficiency remaining in the Account in the event of liquidation thereof, in whole or in part, by either you or UBS Financial Services. Additionally, you agree to be liable to UBS Financial Services for any accrued interest on any such amounts at UBS Financial Services' then customary rate, if applicable, or otherwise the maximum rate allowable by law. You further agree to indemnify UBS Financial Services against any loss, cost, expense, liability or damages arising out of your obligations hereunder. You will be liable for the reasonable costs and expenses of collection (including attorney's fees), for any unpaid losses, fees or other amounts owed by you to UBS Financial Services or against which you have indemnified UBS Financial Services under the preceding sentence. You shall be liable for any and all losses, claims, damages, penalties, fines, settlements, costs, causes of action, debts, dues, sums of money, accounts, accountings, reckonings, acts, omissions, demands, obligations, actions, suits, proceedings, judgments, liabilities and expenses (including without limitation all expenses of litigation or preparation therefor, whether or not UBS Financial Services is a party thereto) which UBS Financial Services may pay or incur arising out of any claims by any person or entity in any way relating to this Account. Neither UBS Financial Services nor its officers, directors, employees or agents shall under any circumstances or for any reason have any liability to you for any consequential damages arising out of this Agreement and/or any services provided pursuant to this Agreement. You (and, in the case of a Joint Account, each individual Account Holder) agree that, in the event of the death of any Account Holder, the survivor(s) or the estate shall immediately give UBS Financial Services written notice thereof, and UBS Financial Services may, before or after receiving such notice, take such actions, require such papers, inheritance or estate tax waivers or federal transfer certificates, retain such portion of the Account or any other account you may have with UBS Financial Services and restrict transactions in the Account as UBS Financial Services may deem advisable to protect UBS Financial Services against any tax, liability, penalty or loss under any present or future laws or otherwise. Your estate and the Account shall be jointly liable for all costs (including reasonable attorney's fees and costs) UBS Financial Services and/or the Card Issuer and the Check Provider may

incur in connection with the disposition of the Account and related assets and liabilities in the event of your death, disability or dissolution.

UBS Financial Services and/or the Card Issuer and the Check Provider shall be entitled to recover from a Joint Account or from any Account Holder prior to any distribution of Property such costs as it may incur, including reasonable attorney's fees, as a result of any dispute between the Account Holders relating to or arising from a Joint Account or occasioned by the death of one or more Account Holders holding a Joint Account.

The estate of any Account Holder holding a Joint Account who shall have died shall be liable and the survivor shall continue to be liable, jointly and severally, to UBS Financial Services and/or the Card Issuer and/or the Check Provider for any net debit balance or loss in the Joint Account in any way resulting from the completion of the transactions initiated prior to receipt, by UBS Financial Services, of the written notice of the death of the decedent, or incurred in the liquidation of the Joint Account or the adjustment of the interests of the respective parties. The estate of the decedent and the survivor shall hereby jointly and severally agree to fully indemnify and hold harmless UBS Financial Services and the Card Issuer and the Check Provider from any liability for any taxes which may be owed in connection therewith or any claims by third parties.

If the Account is maintained with rights of survivorship, in the event of the death of either or any Account Holder, all assets in the Account shall pass to and be vested in the survivor(s) on the same terms and conditions as previously held, without in any manner releasing the decedent's estate from the liabilities herein.

#### **Security Interest**

As security for the payment of all liabilities or indebtedness presently outstanding or to be incurred under this or any other agreement between UBS Financial Services and you, you grant UBS Financial Services a security interest in any and all Property belonging to you or in which you may have any legal, equitable or other interest held by UBS Financial Services or carried in any of your accounts with UBS Financial Services. All Property shall be subject to such security interest as collateral for the discharge of your obligations to UBS Financial Services, wherever or however arising and without regard to whether or not UBS Financial Services made loans with respect to such Property. In enforcing UBS Financial Services' security interest, UBS Financial Services shall have the discretion to determine the amount, order and manner of Property to be sold and shall have all the rights and remedies available to a secured party under the UCC. Without UBS Financial Services' prior written consent, you will not cause or allow any of the Property held in any of your accounts with UBS Financial Services, whether now owned or hereafter acquired, to be or become subject to any liens, security interests, mortgages or encumbrances of any nature other than UBS Financial Services' security interest therein.

#### **Liquidation of Collateral or Account**

UBS Financial Services may satisfy any and all amounts that you owe UBS Financial Services in connection with the Account from Property held by UBS Financial Services or carried in any of your accounts with UBS Financial Services. Additionally, UBS Financial Services may sell any or all Property held in any of your accounts with UBS Financial Services and cancel any open orders for the purchase or sale of any Property without notice in the event of your death or dissolution or whenever in UBS Financial Services' discretion UBS Financial Services considers it necessary for its protection. In such events UBS Financial Services also may borrow or buy-in all Property held in any of your accounts with UBS Financial Services required to make delivery against any sale effected for you. Such sale or purchase may be public or private and may be made without advertising or notice to you and in such a manner as UBS Financial Services may in its discretion determine. No demands, calls, tenders or notices by UBS Financial Services shall invalidate this waiver by you. At any such sale UBS Financial Services may purchase the Property free of any right of redemption and you shall be liable for any remaining deficiency in any of your accounts with UBS Financial Services, plus any accrued interest on such deficiency at UBS Financial Services' then customary rate, if applicable, or, if not applicable, the maximum rate allowable by law. UBS Financial Services shall not be liable to you in any way for any adverse tax consequences resulting from a liquidation of appreciated collateral.

#### **Orders, Executions, Deliveries, Settlements and Oral Authorizations**

Any order which you give shall be binding upon you, and your personal representative(s) or authorized agents until UBS Financial Services receives notice of your death, in the case of an individual, or dissolution, in the case of an entity. Such death or dissolution and notice will not affect UBS Financial Services' right to take any action which UBS could have taken if you had not died or been dissolved. You agree that UBS Financial Services shall incur no liability in acting upon oral instructions given to UBS Financial Services by you or your authorized agent concerning the Account. In giving orders to sell, you will inform UBS Financial Services which sales are "short" sales and which are "long" sales. A "short" sale means any sale of a security not owned by the seller or any sale that is consummated by delivery of a borrowed security. The designation of a sale order as "long" is your representation that you own the security, and if the security is not in UBS Financial Services' possession at the time of the contract for sale, you agree to deliver it to UBS Financial Services by the settlement date. In case of non-delivery of a security, UBS Financial Services is authorized to purchase the security to cover your position and charge any loss, commissions and fees to the Account. You agree that if UBS Financial Services fails to receive payment for securities purchased by you, UBS Financial Services may, without prior demand or notice, sell securities or other Property held by UBS Financial Services in any of your accounts with UBS Financial Services and any resulting loss may be charged to the Account. You understand and acknowledge that securities can be traded in more than one marketplace. Unless you direct that an order to purchase or sell securities be executed on a specified exchange or market and UBS Financial Services agrees to such execution, UBS Financial Services will, in its sole discretion, subject to applicable regulatory requirements and without prior notification to you, execute the order on the over-the-counter market in any location or on any exchange, including a foreign exchange where such security is traded, either on a principal or agency basis.

#### **Principal Transactions; Client/Firm Relationship**

You understand that UBS Financial Services Inc. may execute securities transactions in the Account acting as principal and expressly directs UBS Financial Services Inc. to enter into such principal transaction in any case where UBS Financial Services Inc. would execute such transactions as principal in the ordinary course of its business. Unless otherwise agreed to in writing, (1) you agree that UBS Financial Services Inc. shall have no authority or responsibility to act as a "fiduciary" as such term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Internal Revenue Code, or to act as an "investment adviser" as such term is defined in Section 1.1 of the Investment Advisers Act of 1940, and (2) you shall make your own independent decisions regarding investments in the Account.

#### **For ERISA Plans, Trusts and Custodial Accounts**

If you are acting as executor, trustee, conservator, guardian or custodian, you understand that you are a fiduciary on behalf of the beneficial owners of the Account and that you have a fiduciary duty to use the services and features provided through the Account for the benefit of the beneficial owners of the Account and not for your own benefit. You acknowledge that you have made an independent determination that Account activity is suitable and appropriate for the beneficial owners of such Account and that the compensation to be received by UBS Financial Services in connection with the Account is reasonable. You understand and agree that this determination is solely your responsibility and not UBS Financial Services'.

#### **Non-disclosure of Confidential and Material, Non-public Information**

UBS Financial Services provides a variety of services to its customers. In connection with providing these services, employees of UBS Financial Services may from time to time come into possession of confidential and material, non-public information. Under applicable law, employees of UBS Financial Services are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a customer of UBS Financial Services. UBS Financial Services maintains and enforces written

policies and procedures that (1) prohibit the communication of such information to persons who do not have a legitimate need to know and (2) assure that UBS Financial Services meets its obligations to customers and otherwise remains in compliance with applicable law. You understand and agree that these policies and procedures are necessary and appropriate and recognizes that, in certain circumstances, employees of UBS Financial Services will have knowledge of certain confidential and material, non-public information which, if disclosed, might affect your decision to buy, sell or hold a security, but that they shall be prohibited from communicating such information to you. You also understand and agree that UBS Financial Services shall have no responsibility or liability to you for failing to disclose such information to you as a result of following its policies and procedures designed to provide reasonable assurances that it is complying with the law.

#### **Non-U.S. Securities**

If the Account contains securities issued by a non-U.S. issuer, you acknowledge, to the extent UBS Financial Services Inc. is acting solely as a custodian with respect to such securities, that absent arrangements by either the issuer or you with UBS Financial Services to the contrary regarding distribution of issuer communications, UBS Financial Services Inc. will not be obligated to distribute issuer communications to you.

#### **Restrictions on Trading**

You understand that UBS Financial Services may, in its sole discretion, with or without prior notice, prohibit or restrict trading of securities or substitution of securities in the Account and refuse to enter into any transactions with you.

#### **Deposits of Funds**

All checks for deposit to the Account should be made payable to, or be endorsed to, UBS Financial Services Inc or to UBS Financial Services Inc. for the benefit of [Your Name] and/or [Title of Account].

#### **Electronic Transfer of Funds**

When giving UBS Financial Services instructions to accept or transfer funds electronically to or from the Account to any bank or other entity, you agree to provide UBS Financial Services with an accurate name and account number designating the account to receive such funds. You acknowledge that neither UBS Financial Services nor the bank or other receiving or transmitting entity is under any obligation to verify the identity of the beneficiary of the funds transfer and may rely exclusively upon the name or account number provided by you. You agree to indemnify and hold UBS Financial Services harmless from and against any and all cost, expense, claims or liabilities arising from the provision by you of an inaccurate name or account number. When accepting or transferring funds, neither UBS Financial Services nor the bank or other receiving or transmitting entity is under any obligation to determine whether the name and number provided by the Client refer to the same person or entity.

#### **Transfer of Excess Funds; Exchange Rate Fluctuations**

UBS Financial Services may transfer excess funds between any of your accounts (including the Account) with UBS Financial Services (including commodity accounts) for any reason not in conflict with the Commodity Exchange Act or any other applicable law. If UBS Financial Services effects any transactions for you requiring a foreign currency, any profit or loss as a result of a fluctuation in the applicable exchange rate will be charged or credited to the Account.

#### **Principal, Interest and Dividend Payments**

With respect to principal and interest payments on debt instruments, UBS Financial Services may credit the Account with principal and interest due on the payment dates and UBS Financial Services will be entitled to recover any such payments from you if the same are not actually received by UBS Financial Services from the trustee or paying agent. You acknowledge that interest will not be paid to you on credit balances in the Account unless specifically agreed to by UBS Financial Services in writing. UBS Financial Services is not required to remit interest or dividends to Client on a daily basis.

#### **Fees and Charges**

You understand that UBS Financial Services Inc. may impose various service charges and other fees relating to the Account (see "Selected Fees and Charges" in the Disclosure Documents) as well as charge commissions and/or

other fees and charges for execution of transactions to purchase and sell securities, options or other Property, which amounts may include, but not be limited to, transaction fees (rounded to the nearest penny on each sale transaction); subscription fees for U.S. Government and Government agency issues; security transfer fees; insurance premiums, and other charges associated with the handling and transfer of securities, funds and assets. You agree to pay such charges, commissions and/or fees at UBS Financial Services Inc.'s then prevailing rates. You also understand that such charges, commissions and/or fees may be imposed or changed from time to time without notice to you, unless required by rules or regulations, and you agree to be bound thereby.

Unless the Account is for an Individual Retirement Account, ERISA Plan, 403(b)(7) Account, or Coverdell Education Savings Account that UBS Financial Services Inc. has investment discretion over or has agreed in writing to act as a "fiduciary" (as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Internal Revenue Code) to, UBS Financial Services will earn income (at prevailing market rates on overnight investments) on deposits and credits to the Account, until the cash balances are invested or swept into the Deposit Account Sweep Program, a money fund or Other Sweep Option. Once cash balances are credited to the Account they are generally invested in the applicable sweep option on the next business day pursuant to the policies contained in this booklet (subject to any investment minimums for the sweep option, as provided in the applicable prospectus). You agree that the amount of income shall be part of UBS Financial Services Inc. compensation for services rendered with respect to the Account, which shall be separate from and in addition to compensation described in the applicable fee schedule for the Account and that the amount of such compensation, together with all compensation received by UBS Financial Services, is reasonable. You may be subject to an account transfer fee if you instruct UBS Financial Services Inc. to transfer the Account. In addition, you will be charged an administrative fee for the Account if it produces revenues below a minimum threshold amount for the 12-month period ending each November 30. If this is an Individual Retirement Account, you may be subject to an account transfer fee if you instruct UBS Financial Services Inc. to transfer the Account. You agree to pay a late charge, to the extent permitted by law, if you purchase securities on a cash basis and fail to pay for such securities by the settlement date. Any late charge UBS Financial Services Inc. may impose will be at the maximum rate of interest set forth in UBS Financial Services Inc.'s then current "Statement of Credit Practices" (which is found in the Disclosure Documents), if applicable, or otherwise at the maximum rate permissible by law, and may be charged from the settlement date to the date of payment, without regard to UBS Financial Services Inc.'s rights to sell the securities in accordance with this Agreement and applicable laws, rules and regulations. You may obtain UBS Financial Services Inc.'s then current fees and charges by contacting your Financial Advisor or the local branch office.

#### **Interest Charges**

All amounts advanced and other balances due shall be charged interest in accordance with UBS Financial Services' usual custom, which may include the compounding of interest, including any increases in rates which reflect adjustments in, as applicable, UBS Financial Services' Base Loan Rate (as such term is defined in the Statement of Credit Practices) or other reference rate (i.e., LIBOR Rate or Prime Rate) referred to in the applicable Statement of Credit Practices and such other charges as UBS Financial Services may make to cover UBS Financial Services' facilities and extra services.

#### **Impartial Lottery Allocation System; Call Features**

When UBS Financial Services holds bonds or preferred stocks on your behalf in UBS Financial Services' (street) name or in bearer form which are callable in part, you agree to participate in the impartial lottery allocation system of the called securities in accordance with the provisions of the New York Stock Exchange, Inc. rules. Further, you understand that when the call is favorable, no allocation will be made to any account in which UBS Financial Services, its officers, or employees have a beneficial interest until all of your other positions in such securities are satisfied on an impartial lottery basis. You understand that UBS Financial Services may not receive timely notice of calls and may be required to allocate called

securities on an “as of” basis. In those cases, you agree to participate in the lottery allocation system and to be bound by its results. For debt securities, call or other redemption features, in addition to those disclosed on the trade confirmation, may exist. Debt securities subject to call or redemption features, such as sinking funds, may be redeemed in whole or in part before maturity, or before the first scheduled call dates. The existence of sinking funds, or other special mandatory redemption features, may not be disclosed on a trade confirmation. It is your obligation to review all prospectuses and offering statements you may receive, and to understand the risks of extraordinary calls or early redemptions, which may affect yield. Issuers may from time to time publish notices of offers to redeem debt securities within limited time, price and tender parameters. You understand and agree that UBS Financial Services is not obligated to notify you of such published calls, nor will UBS Financial Services tender any securities on your behalf when you have failed to request the tender in a timely manner.

### **Additional Compensation**

**Revenue Sharing Compensation.** In addition to the sales loads and 12b-1 fees, and processing fees, UBS Financial Services Inc. receives revenue sharing payments from many of the distributors and/or advisors of the mutual funds that we sell. These amounts are based on two components (i) the amount of sales by UBS Financial Services Inc. of the mutual funds of a particular fund family, and (ii) the amount of mutual fund assets of that particular fund family held by UBS Financial Services Inc. clients. We require that these payments be made directly by the distributor or advisor to us and do not permit payments to be made by use of mutual fund portfolio trading commissions.

We seek to apply a level, standard payment schedule for all of the mutual fund companies whose funds we sell. We recognize, however, that mutual fund companies are taking a variety of positions on the subject of revenue sharing, and that some may decline to pay revenue sharing or pay it in differing amounts. Please see [www.ubs.com/mutualfundrevenuesharing](http://www.ubs.com/mutualfundrevenuesharing) for a description of the revenue sharing compensation.

We receive payments of this kind from many of the approximately 150 different mutual fund distributors and/or advisors whose mutual funds are made available to our clients. Revenue sharing payments are intended to compensate UBS Financial Services Inc. for ancillary services in connection with effecting purchases of shares of the funds. These payments are made in exchange for, and represent the value to those mutual fund companies of, being able to distribute their mutual funds through our network of Financial Advisors and their clients.

Based on our reviews and evaluations of the mutual fund companies, we divide the universe of fund companies whose funds we offer into two categories: (i) fund companies with branch access (“Tier I” fund companies); and (ii) fund companies without branch access (“Tier II” fund companies). Representatives of Tier I fund companies are provided, subject to Branch Office Manager discretion, greater access to our branch offices and Financial Advisors for training, marketing and other promotional activities. As a general rule, such in-person branch access and marketing support is not provided to Tier II fund companies. Branch access and other corporate support provides enhanced opportunities for the mutual fund companies to promote their mutual funds to our Financial Advisors, which could cause our Financial Advisor to focus on, and recommend to clients, mutual funds from Tier I fund companies in the normal course of their business. Tier I fund companies represented approximately 80% of our total mutual fund sales in 2004. A list of our Tier I mutual fund companies is available on our public website at [www.ubs.com/mutualfundrevenuesharing](http://www.ubs.com/mutualfundrevenuesharing).

Many mutual funds companies in both Tier I and Tier II pay revenue sharing to us. While the payment of revenue sharing is a factor in determining whether a fund company is placed in Tier I or Tier II, such payment is never the sole determinant in these decisions. UBS Financial Services Inc. determines the level of access to our branches based on our own review and evaluation of mutual funds and fund families. **None of these amounts are paid to the Financial Advisor or his or her branch office.**

We also receive networking fees in consideration for certain other services we provide mutual funds. These fees generally are paid from investor assets in

mutual funds, and are a fixed dollar amount based on the number of accounts of that fund family held at UBS Financial Services Inc.

Revenue sharing payments may present a conflict between our interests and the interests of our customers, because the payments give us a financial incentive to recommend that our customers buy and hold shares of those funds that we maintain on our distribution platform and for which we receive revenue sharing payments. Although approximately 2,500 mutual funds from nearly 150 different mutual fund families are available through our distribution system, this is only a part of the universe of mutual funds that are available to our customers in the marketplace. Certain other mutual may be purchased by our customers through the FundConnect system for a separate charge. In addition, because the rate and amount of revenue sharing payments that we receive may vary among the 150 mutual fund families on our distribution platform, we may have a financial disincentive to promote the sale of those funds that do not pay us at those stated rates.

In addition to commissions received in connection with the sale or distribution of annuity contracts and unit investment trust units to our clients, we receive revenue sharing compensation from many of the insurance companies underwriting the annuity contracts, affiliates of the insurance companies or sponsors of the unit investment trusts we distribute.

**Contributions to Training and Education Expenses.** In addition to the contributions listed above, from time to time, mutual fund, insurance companies, money managers or their affiliates (“vendors”) may subsidize a portion of the cost of training and achievement seminars we offer to Financial Advisors through specialized firm-wide programs and consulting training forums.

The subsidies may vary among vendors, and no vendor is required to participate in the seminars or to contribute to the costs of the seminars in order to have their products available or distributed through our platform. Your Financial Advisor does not receive a portion of these payments.

**Non-Cash Compensation.** In addition to the revenue sharing payments describe above, we and our Financial Advisors, may, from time to time, receive non-cash compensation from mutual fund companies, money managers, insurance vendors, and sponsors of products we distribute in the form of: (i) occasional gifts; (ii) occasional meals, tickets or other entertainment; (iii) sponsorship support of training events for our sales force; and/or (iv) various forms of marketing support.

**Other Compensation.** In addition, our affiliates receive trading commissions and other compensation from mutual funds and insurance companies whose products we distribute.

### **Disability or Incompetency**

This Agreement shall survive your death, dissolution, disability or incompetence.

### **Unforeseeable Events/Force Majeur**

UBS Financial Services shall not be liable for losses caused directly or indirectly by government restrictions, exchange controls, exchange or market rulings, suspension of trading, war, strikes or other conditions beyond UBS Financial Services’ control, including but not limited to, extreme market volatility, trading volumes, or the failure of any processing or trading system whether proprietary or non-proprietary in nature.

### **Successors and Assigns**

This Agreement shall be binding upon you and your personal representatives, heirs, estate, executors, administrators, committee and/or conservators, successors and assigns, and shall inure to the benefit of UBS Financial Services and its successors and assigns and each subsequent holder of this Agreement. You may not assign or transfer any of your rights or obligations under this Agreement without UBS Financial Services’ prior written consent. UBS Financial Services may assign this Agreement or any of its rights and powers under this Agreement, and, in the event of such assignment, the assignee shall have the same rights and remedies as

if originally named in this Agreement in UBS Financial Services' place. From and after the date of any such assignment, UBS Financial Services shall have no further liability to you under the terms of this Agreement.

#### **Sub-Brokers**

UBS Financial Services may employ sub-brokers and shall be responsible only for reasonable care in their selection. UBS Financial Services may deal with market makers or members of any exchange known as specialists or known as odd-lot dealers and in the execution of your orders they may act as sub-brokers for you and may also buy or sell the Property for themselves as dealers for their own account.

UBS Financial Services Inc. may hold securities as a Securities Intermediary in accordance with industry custom and practice and employ one or more Securities Intermediaries, including Securities Intermediaries outside the United States, with respect to any and all Property held for you.

#### **Introduced Accounts**

If the Account has been introduced to UBS Financial Services Inc. and is carried by UBS Financial Services Inc. only as a clearing broker, you agree that UBS Financial Services Inc. is not responsible for the conduct of the introducing broker and UBS Financial Services Inc.'s only responsibilities to you relate to UBS Financial Services Inc.'s execution, clearing and bookkeeping of transactions in the Account and to any other services and responsibilities agreed to in writing by UBS Financial Services Inc. During the term of any clearing agreement between UBS Financial Services Inc. and any introducing broker/dealer that UBS Financial Services Inc. is providing clearing services for, UBS Financial Services Inc.'s rights and benefits under this Agreement shall inure to any such introducing broker/dealer.

UBS Financial Services Inc. is authorized to accept from the introducing broker, without further inquiry or investigation by UBS Financial Services Inc., (a) orders for the purchase or sale in the Account of such securities and other Property on margin or otherwise, and (b) any other instructions from the introducing broker concerning the Account. In no event shall UBS Financial Services Inc. be liable for any acts or omissions of any introducing broker or its agents, contractors or employees.

#### **Independent Research**

UBS Financial Services offers you access to independent research on all domestic and selected international stocks covered by UBS Research. The providers of this independent research are chosen by an Independent Consultant, not by UBS Financial Services. You agree that UBS Financial Services will not be responsible or liable for (i) the procurement decisions of the Independent Consultant with respect to the independent research, (ii) the independent research or its content, (iii) customer transactions, to the extent based on the independent research, or (iv) claims arising from or in connection with the inclusion of independent research ratings in the Firm's confirmations and periodic account statements or on the UBS independent research website, to the extent such claims are based on those ratings. You also agree that UBS Financial Services will not be required to supervise the production of the independent research procured by the independent consultant and will have no responsibility to comment on the content of the independent research.

#### **Changes to Agreement**

Upon written notice to you, UBS Financial Services may change this Agreement at any time and may cease to offer any or all services described in this Agreement. Any such change will become effective on the date of the notice unless the notice specifies a later date. However, you will remain liable for any outstanding debits and/or charges in the Account. Your continued acceptance of services under this Agreement will be deemed to constitute acceptance of such change. All other changes to this Agreement shall not be effective except by a writing signed by UBS Financial Services.

#### **Termination of Account**

You understand that UBS Financial Services or Client may terminate the Account or any Account feature or service at any time and for any reason. If the Account is terminated either by UBS Financial Services or you, you will promptly return any unused checks and Card(s). Failure to return such checks and Card(s) to UBS Financial Services may result in a delay in complying with

your instructions as to the disposition of your assets in the Account. You will remain responsible for debits and charges whether arising before or after such termination. You agree to pay UBS Financial Services and the Card Issuer and the Check Provider promptly for all amounts outstanding in the Account. Upon termination, you authorize UBS Financial Services to liquidate all of your securities that cannot be transferred into your name and to distribute all such assets to you whether or not such liquidation and/or distribution shall cause taxable consequences to you. You further agree that UBS Financial Services may withhold from the assets then in the Account any amounts that UBS Financial Services reasonably believes necessary to pay (1) any federal, state or local tax withholding obligations of UBS Financial Services and (2) for any outstanding debts to UBS Financial Services or the Card Issuer and the Check Provider or their respective affiliates or subsidiaries, and to apply such assets first to pay UBS Financial Services, and second to pay the Card Issuer and the Check Provider, if applicable.

#### **Additional Documentation**

Should any supplemental agreements be required as a result of your request for UBS Financial Services to approve additional services or features available from UBS Financial Services, or be required for any other reason whatsoever, you will execute UBS Financial Services' form of such agreements, which shall thereupon supplement and, if applicable, become part of this Agreement and apply to the Account.

#### **Waiver Not Implied**

UBS Financial Services' failure to insist at any time upon strict compliance with this Agreement or with any of its terms or any continued course of such conduct on UBS Financial Services' part shall not constitute or be considered a waiver by UBS Financial Services of any of its rights or your obligation.

#### **Binding Notice of Agreement**

You expressly agree that UBS Financial Services shall not be bound by any representation or agreement made by any of UBS Financial Services' employees or agents which purports to affect or diminish UBS Financial Services' rights under this Agreement.

#### **Accuracy of Reports; Communications**

You shall carefully review all monthly or quarterly account statements and confirmations promptly upon receipt for accuracy and consistency with your instructions and investment objectives. You shall immediately notify the Branch Office Manager of the UBS Financial Services Branch Office where the Account is maintained if such documents are not received in a timely manner or are inaccurate. Unless otherwise set forth in this Important Account Information and Disclosures booklet, confirmation of orders and monthly or quarterly statements of the Account shall be conclusive if not objected to in writing addressed to the Branch Office Manager of the UBS Financial Services Branch Office where the Account is maintained within ten days after mailing by UBS Financial Services to you. You acknowledge that UBS Financial Services may rely upon your failure to object in a timely manner to transactions or entries and shall not be responsible for losses which could have been avoided had you given prompt notice as provided above. All such documents shall thereafter be deemed accurate and in accordance with your instructions and investment objectives. Notwithstanding the foregoing, if you are mistakenly credited with funds or securities, you shall promptly return such funds or securities upon your discovery of the error or upon request by UBS Financial Services. UBS Financial Services shall not be responsible for any transactions not reflected on your monthly or quarterly statement unless an objection is made in writing to the Branch Office Manager in accordance with the above requirements. You shall notify UBS Financial Services in writing if you do not receive a confirmation within ten days from the date of a transaction.

You acknowledge and agree that UBS Financial Services may, from time to time, monitor and/or electronically record conversations between you and UBS Financial Services' employees or agents for the purpose of quality assurance, employee training, and the mutual protection of you and UBS Financial Services. Any such recordings may be offered by UBS Financial

Services as evidence in any arbitration or other proceeding relating to this Agreement or the Account.

You acknowledge that the price of any security shown on a confirmation which has been executed on more than one exchange, or in more than one market, or had multiple executions, may be the average price of the security for those executions and agree to the use of such average price trades on confirmations issued by UBS Financial Services Inc. Actual prices, quantities of each execution and market of execution shall be provided upon written request.

#### **Written Notice**

Communications may be sent to you at your address or at such other address as you give to UBS Financial Services in writing. All communications so sent, whether by mail, telegraph, facsimile, electronic mail, messenger or otherwise will be considered to have been given to you personally upon such sending, whether or not you actually received them.

Except for ERISA Plans and Individual Retirement Accounts, where UBS Financial Services has forwarded proxy materials to you, and does not receive voting instructions from you within the designated time frame, UBS Financial Services will exercise its discretionary vote as recommended by the Board of Directors of the issuer of the security, where permitted by the rules of the New York Stock Exchange.

#### **Entire Agreement**

The provisions of this Agreement and the documents referenced herein constitute, and are intended to constitute, the entire agreement between you and UBS Financial Services with respect to the Account and supercede any prior agreements relating thereto. Other than as expressly provided in this Agreement, UBS Financial Services does not undertake any obligations and incurs no duties or obligations other than those set forth in this Agreement, statute or government regulation.

#### **Applicable Law**

This Agreement, its enforcement and the relationship between you and UBS Financial Services shall be governed by the laws of the State of New York, including the arbitration provisions contained herein, without giving effect to the choice of law or conflict of laws provisions thereof, and shall be binding upon you, your authorized agents, personal representatives, heirs, successors and assigns, provided that there is no inconsistency with the federal securities laws, and provided further in connection with any Card issued, the Cardholder Agreement shall be governed by federal laws and the law designated by the Card Issuer in the Cardholder Agreement. In the event that the arbitration clause contained herein is found to be unenforceable, you and UBS Financial Services agree that they will, for purposes of determining all matters with regard to this Agreement, submit to the exclusive jurisdiction of the courts of the State of New York and the federal courts sitting in the Southern District of New York. You also consent to service of process by certified mail to the Account's address of record and waives any forum non-conveniens and venue claims. You and UBS Financial Services agree that if any term, covenant, condition, or provision of this Agreement is held to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect, and shall in no way be impaired or invalidated and shall be construed (to the maximum extent possible) in such a way as to give effect to the intent of the invalid, void, or unenforceable provision in question.

#### **Arbitration**

**This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:**

- **Arbitration is final and binding on the parties. All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.**
- **The parties are waiving their right to seek remedies in court, including the right to jury trial. Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.**

- **Pre-arbitration discovery is generally more limited than and different from court proceedings. The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.**
- **The arbitrator's award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited. The arbitrators do not have to explain the reason(s) for their award.**
- **The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**
- **The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.**
- **The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.**
- **You agree, and by carrying an account for you UBS Financial Services Inc. agrees, that any and all controversies which may arise between you and UBS Financial Services Inc. concerning any account(s), transaction, dispute or the construction, performance, or breach of this or any other Agreement, whether entered into prior, on or subsequent to the date hereof, shall be determined by arbitration. Any arbitration under this Agreement shall be held under and pursuant to and be governed by the Federal Arbitration Act, and shall be conducted before an arbitration panel convened by the New York Stock Exchange, Inc. or the National Association of Securities Dealers, Inc. you may also select any other national security exchange's arbitration forum upon which UBS Financial Services Inc. is legally required to arbitrate the controversy with Client, including, where applicable, the Municipal Securities Rulemaking Board. Such arbitration shall be governed by the rules of the organization convening the panel. You may elect in the first instance the arbitration forum, but if you fail to make such election, by registered letter or telegram addressed to UBS Financial Services Inc. at 1200 Harbor Boulevard, 10th Floor, Weehawken, NJ 07086, Attn: Legal Department, before the expiration of five days (5) after receipt of a written request from UBS Financial Services Inc. to make such election, then UBS Financial Services Inc. may make such election. The award of the arbitrators, or of the majority of them, shall be final, and judgment upon the award rendered may be entered in any court of competent jurisdiction.**
- **No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration Agreement against any person who has initiated in court a putative class action; who is a member of a putative class who has opted out of the class with respect to any claims encompassed by the putative class action until:**
  - (I) THE CLASS CERTIFICATION IS DENIED; (II) THE CLASS IS DECERTIFIED; OR (III) THE CUSTOMER IS EXCLUDED FROM THE CLASS BY THE COURT.

- Such forbearance to enforce an Agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.
- You expressly agree that service of process in any action shall be sufficient if served by certified mail, return receipt requested, at your last address known to UBS Financial Services Inc.

You expressly waive any defense to service of process as set forth above.

# Disclosure Statements and Custodial Agreements for Retirement Accounts

## Disclosure Statement for Traditional or ROTH Individual Retirement Accounts

### A. General Introduction

**Choosing your IRA.** The Internal Revenue Code permits individuals to establish various types of individual retirement accounts, including a "traditional IRA" and a "Roth IRA" (which are collectively referred to in this Disclosure Statement as "IRAs"), to save for their retirement on a tax advantaged basis. The type of IRA you are establishing depends upon whether you are designating this IRA as a traditional IRA or Roth IRA in the Adoption Agreement. Some of the tax rules described below may differ depending on your choice.

**Disclosure Statement.** This Disclosure Statement, which UBS Financial Services Inc. is required to provide to you under Internal Revenue Service ("IRS") regulations, contains only a general description of the requirements and features of traditional IRAs and Roth IRAs and a summary of the material terms of the Custodial Agreement. A complete copy of the UBS Financial Services Inc. Custodial Agreement for traditional or Roth Individual Retirement Accounts referred to in this Disclosure Statement is provided to you with this Disclosure Statement, along with a copy of the Master Account Agreement ~~for IRAs~~. That Custodial Agreement and the Master Account Agreement are legal agreements between you and UBS Financial Services Inc. and set forth your rights, as well as your obligations. You should carefully review those agreements.

Before deciding to establish a traditional IRA or Roth IRA, you should carefully review all applicable commissions, fees and other charges with your Financial Advisor. You may obtain further information regarding a traditional IRA or Roth IRA from any District Office of the Internal Revenue Service.

**Legal Requirements.** By law, an IRA is a trust or custodial account created by a written document in the United States for the exclusive benefit of yourself and your beneficiaries, and which meets all of the following requirements: (i) the trustee or custodian must be a bank, a federally insured credit union, a savings and loan association or other person, such as UBS Financial Services Inc., that has been approved by the IRS to act as a trustee or custodian for IRAs; (ii) contributions, except for rollover contributions, must be in cash; (iii) contributions for any year cannot exceed the Contribution Limit plus the Catch-up Limit, if applicable, as defined below; (iv) you must have a non-forfeitable right to the amounts in the IRA at all times; (v) assets in your IRA cannot be commingled or combined with other property, except in a common trust fund or common investment fund; (vi) funds in an IRA cannot be used to buy a life insurance policy; and (vii) for a traditional IRA, distributions must start by April 1st of the year following the year you attain age 70½.

This traditional IRA or Roth IRA has received an opinion letter from the IRS that this traditional IRA or Roth IRA satisfies the applicable requirements for IRAs under Sections 408 and 408A of the Internal Revenue Code. The IRS approval is a determination only as to the form of the IRA and does not represent a determination of the merits of such IRA.

### B. Revocation of this IRA

If you receive this Disclosure Statement at the time you are first establishing your traditional IRA or Roth IRA, you may revoke the IRA at any time within seven (7) days after the date on which you receive this Disclosure Statement.

If you wish to revoke this IRA within the above time limit, you may do so only by mailing or delivering a written notice of revocation to UBS Financial Services Inc. at the address which appears at the end of this Disclosure Statement. If you mail your notice, the notice will be considered given on the date that it is postmarked if it is mailed by U.S. mail (or if sent by certified or registered mail, the date of certification or registration), first class postage prepaid and is properly addressed to, and in due course is received by, UBS Financial Services Inc.

If you have any questions as to your right to revoke this IRA, please call 1-888-738-1546 during normal business hours. In the event that you decide to revoke your IRA and do so within such seven-day period, you are entitled to a return of the entire amount of the consideration originally paid by you into your IRA, without adjustment for such items as brokerage commissions or fees, administrative expenses or fluctuations in market value.

### C. Eligibility and Contributions

#### Traditional IRA

**Establishing a Traditional IRA.** If you are under age 70½ by year-end and have (or if you file a joint tax return, your spouse has) taxable compensation for the year, you may establish a traditional IRA, regardless of whether you are an active participant in an employer's tax-qualified retirement plan.

Generally, "compensation" (for purposes of both the traditional IRA and the Roth IRA contribution limits) includes all of the amounts you receive for providing personal services, including wages, salaries, tips, professional fees, bonuses, commissions and other such amounts earned for personal services, and earned income from self-employment (including certain partnership income where personal services are a material income-producing factor). Also, any taxable alimony and separate maintenance payments received under a decree of divorce or separate maintenance are treated as compensation.

**Maximum Contributions to a Traditional IRA.** The maximum amount you can contribute to all traditional IRAs for any year is equal to the Contribution Limit or 100% of your compensation, if less. In addition, if you will be age 50 by the end of the year, you can make additional contributions equal to the "Catch-up Limit" (\$500 for 2005 and \$1,000 thereafter). These maximum amounts will change in future years, and the chart below indicates the maximum amount that you can contribute for the relevant tax years.

Tax year	Contribution Limit (individuals under age 50)	Contribution Limit plus Catch-up Limit (individuals age 50 or over)
2005	\$4,000	\$4,500
2006	\$4,000	\$5,000
2007	\$4,000	\$5,000
2008 and thereafter	\$5,000	\$6,000

**Deductible Contributions to a Traditional IRA.** If you are married and file a joint return and neither you nor your spouse are an active participant for any part of the year in an employer's retirement plan, you (and your spouse) may deduct the entire amount contributed to a traditional IRA. Similarly, if you are single and not an active participant for any part of the year in an employer's retirement plan, you may deduct the entire amount contributed. The IRS Form W-2, Wage and Tax Statement, that you receive at the end of the year from your employer will indicate whether you are an active participant in your employer's retirement plan. (If you are uncertain, ask your employer or the plan administrator.)

If you are an active participant in an employer's retirement plan, you may be entitled to only a partial deduction or no deduction at all, depending on your income and Federal income tax filing status. Your deduction begins to decrease when your AGI rises above a certain amount and is eliminated altogether when it reaches a higher amount (the AGI range over which your deduction decreases is referred to as the "phaseout range"). "AGI" for this purpose is your adjusted gross income calculated taking into account any taxable Social Security benefits but without regard to your deductible IRA contributions, student loan interest payments, the foreign earned income or foreign housing exclusion and certain other exclusions and expenses.

The chart below describes the various phaseout ranges. In general, if your AGI is below the phaseout range, traditional IRA contributions will be fully deductible; if your AGI is within the phaseout range, traditional IRA contributions will be partially deductible; and if your AGI is above the phaseout range, traditional IRA contributions will not be deductible.

Tax Year	Phaseout Range	
	Married Filing Jointly or Qualified Widow(er)	Single or Head of Household
2005	\$70,000-\$80,000	\$50,000-\$60,000
2006	\$75,000-\$85,000	\$50,000-\$60,000
2007 and thereafter	\$80,000-\$100,000	\$50,000-\$60,000

If you are married and file a joint return with your spouse and your spouse is an active participant in an employer's retirement plan but you are not, your ability to make deductible traditional IRA contributions will not be affected, unless you and your spouse's combined AGI falls within or above a phaseout range of between \$150,000 and \$160,000. Thus, if you and your spouse's combined AGI is above the phaseout range, your traditional IRA contributions will not be deductible, and if you and your spouse's combined AGI is within the phaseout range, your traditional IRA contributions will be partially deductible.

If you are married but file a separate return and you or your spouse is an active participant in an employer's retirement plan, your deductible traditional IRA contributions are phased out as your AGI increases from \$0 to \$10,000.

Finally, there is a special rule which provides that if your AGI is within (but not over) the phaseout range, you are entitled to a minimum deductible traditional IRA contribution of \$200.

**Non-Deductible Contributions to a Traditional IRA.** Although your income tax deduction for traditional IRA contributions may be reduced or eliminated because your AGI is within or above the phaseout range, you may still make non-deductible contributions to a traditional IRA of up to the Contribution Limit plus the Catch-up Limit, if applicable, or 100% of your compensation, whichever is less (in the case of a traditional and Spousal IRA, defined below, the lesser of the sum of the Contribution Limit plus Catch-up Limit, if applicable, for each spouse or the combined taxable compensation for both spouses). The difference between the maximum amount you can contribute to all traditional IRAs and the amount of your deductible contributions, if any, to traditional IRAs is the maximum amount of the non-deductible contribution you can make to a traditional IRA.

## Simplified Employee Pension (SEP) Contributions

A traditional IRA may be established as part of a SEP arrangement (referred to as a SEP IRA) that allows your employer to make contributions to the employer's own SEP IRA and those of the employer's employees. The SEP rules permit an employer to contribute up to 25% of your compensation or \$42,000, whichever is less, to your traditional IRA, even if you are age 70½ or older. If your employer has adopted a SEP arrangement, your employer will give you further information about this arrangement. Also, you may contribute to your SEP IRA, in addition to amounts contributed by your employer, up to the limits described above.

## Roth IRA

**Maximum Contributions to a Roth IRA.** The maximum amount which you may contribute to all of your Roth IRAs in any taxable year is the lesser of: (i) the Contribution Limit plus the Catch-up Limit, if applicable, reduced by the amount of all contributions (other than employer contributions under a SEP or SIMPLE) made for the tax year to all other IRAs maintained for your benefit; or (ii) the compensation includible in your gross income, reduced by the amount of all contributions (other than employer contributions under a SEP or SIMPLE) made for the tax year to all other IRAs maintained for your benefit. The maximum amount you may contribute to a Roth IRA for any tax year also depends upon the amount of your modified AGI and your tax return filing status. (Your modified AGI for Roth IRA purposes is your AGI for traditional IRA purposes, except that it does not include any income resulting from the conversion of a traditional IRA to a Roth IRA.) However, unlike a traditional IRA, an individual who has attained age 70½ is permitted to contribute to a Roth IRA, and you may make a contribution to a Roth IRA even if you or your spouse is an active participant in an employer's retirement plan.

If you are married filing a joint income tax return, and you and your spouse have modified AGI for the tax year in excess of \$160,000, you may not make any contribution to a Roth IRA for that year, and your maximum contribution is subject to reduction if your modified AGI exceeds \$150,000. Married individuals filing separate returns cannot make any contribution to a Roth IRA for the tax year if their modified AGI for that year exceeds \$10,000 and is reduced for modified AGI below \$10,000. Single taxpayers cannot make any contribution to a Roth IRA for the tax year if their modified AGI for that year exceeds \$110,000, and a single taxpayer's maximum contribution will be reduced if modified AGI exceeds \$95,000. Like the special rule for deductible traditional IRA contributions, if your modified AGI is within the phaseout range, you may make a minimum Roth IRA contribution of \$200.

## Spousal IRA

If you and your spouse file a joint income tax return and your spouse is under 70½ before year-end (even if you are over age 70½), you can set up and contribute to a traditional IRA or a Roth IRA for your spouse, whether or not your spouse has compensation. This arrangement is sometimes called a Spousal IRA. You cannot set up one IRA that you and your spouse own jointly, so you and your spouse must use separate IRAs. To establish a Spousal IRA, a separate Account Agreement and Adoption Agreement must be executed by your spouse. Also, you cannot roll over assets from your IRA to your spouse's IRA.

The total combined contributions you can make to your IRA and a Spousal IRA is the smaller of (x) \$8,000 for 2005 through 2007, and \$10,000 for 2008 and beyond, plus the amount of any Catch-up Contribution for you and/or your spouse if you and/or your spouse is age 50 or older by the end of the year, or (y) the combined compensation for you and your spouse for the year. In most cases, you can divide your IRA contributions between your IRA and the Spousal IRA in any way you choose, as long as you do not contribute more than the Contribution Limit plus the Catch-up Limit, if applicable, to either your IRA or your spouse's Spousal IRA.

If your spouse has taxable compensation during the year, you may treat both IRAs as traditional or Roth IRAs. You may each contribute up to the Contribution Limit plus the Catch-up Limit, if applicable, unless your taxable compensation (or your spouse's) is less than such amount. Generally, if one spouse has compensation of less than the Contribution



Limit plus the Catch-up Limit, if applicable, for the year, a Spousal IRA is more advantageous.

### **Making Contributions**

All contributions (other than rollovers) to your IRA must be in cash. You cannot contribute property which you already own or which you have an option to buy to your IRA.

All contributions must be made to your IRA by the due date (not including any extensions) for filing your Federal income tax return for the year, which for most taxpayers is usually April 15th. If you are making a contribution to your IRA in respect of a prior year, you must inform UBS Financial Services Inc. of that fact.

### **Excess Contributions**

If you contribute amounts to either your traditional IRA or your Roth IRA over the maximum amount you are allowed to contribute, that excess amount will be considered an excess contribution. An excess contribution is subject to a non-deductible excise tax of 6% for each year the excess contribution remains in the IRA.

Excess contributions may be corrected without being subject to the 6% penalty tax if the excess contribution and any earnings attributable to the excess contribution are withdrawn before the due date (plus extensions) for filing your Federal income tax return for the tax year for which the excess contribution was made. Also, no deduction should be taken for the excess contribution (in the case of a contribution to a traditional IRA). The earnings attributable to the excess contributions are included in your taxable income for the tax year in which the excess contribution was made, and, if you are under age 59½ these earnings are subject to a 10% early distribution penalty tax. If the excess contributions are withdrawn after the due date for filing your Federal income tax return for the year for which the contribution was made, the excess contributions will be subject to the 6% penalty tax.

After filing your Federal income tax return, you may correct an excess contribution by withdrawing only the dollar amount of the excess contribution (leaving the earnings in the IRA). In the case of a Roth IRA, the withdrawal is not taxable. In the case of a traditional IRA, this withdrawal of the excess contribution will not be includible in income (or subject to any 10% early distribution penalty tax) if: (i) your aggregate regular contributions to all IRAs do not exceed the Contribution Limit plus the Catch-up Limit, if applicable, and (ii) in the case of a traditional IRA contribution, you took no deduction for the excess amount or you file an amended return (Form 1040X) which removes the excess deduction. Otherwise, in the case of a traditional IRA, any excess contribution withdrawn will be included in your income in the year withdrawn and may be subject to the 10% early distribution penalty tax.

Finally, excess contributions to a traditional IRA, while not deductible in the year in which they were made, may be deducted in a subsequent year to the extent that you contribute less than the maximum allowable amount during that year. This method allows you to avoid an actual withdrawal and, as the prior excess contribution is reduced or eliminated, the 6% tax will be correspondingly reduced or eliminated for subsequent tax years.

## **D. Transfers and Rollovers**

### **Transfers to and from Traditional IRAs**

A transfer of funds to or from your IRA with one trustee or custodian to an IRA with another trustee or custodian is not a rollover. It is a tax-free transfer and is not affected by the one-year waiting period between rollovers discussed below. You may transfer your traditional IRA to UBS Financial Services Inc. by instructing the trustee/custodian of your present traditional IRA to transfer all (or a portion) of the traditional IRA balance to UBS Financial Services Inc. or by executing a Transfer Form that you can obtain from your Financial Advisor. A transfer incident to divorce is another type of tax-free transfer.

### **Rollovers to and from Traditional IRAs**

Generally, rollovers, which are tax-free movements of money or property, are permitted between two traditional IRAs and between a qualified employer plan, a 403(b) tax-sheltered annuity or custodial account or a government-

sponsored 457 deferred compensation plan (collectively, these plans are referred to here as "eligible retirement plans") and a traditional IRA. (Rollovers from an eligible retirement plan directly to a Roth IRA are not permitted.) Distributions of non-deductible contributions from your traditional IRA may be rolled over into another traditional IRA, but not to an eligible retirement plan. On the other hand, distributions of after-tax amounts from an eligible retirement plan generally may be rolled over into a traditional IRA or another eligible retirement plan of the same type, as long as certain requirements are met by the recipient eligible plan.

You may roll over tax-free all or part of a distribution to you of cash or property from a traditional IRA or an eligible retirement plan, as long as you roll over the distribution within 60 days after the day you receive the distribution (assuming the other rollover requirements are met). Distributions of property from an eligible retirement plan may be sold and the proceeds rolled over tax-free, but the same property as is distributed from an IRA, and not the proceeds, must be rolled over to another IRA.

When you are receiving a distribution from an eligible retirement plan, the plan administrator will inform you in advance how to complete a direct rollover from the eligible retirement plan to your traditional IRA. Generally, that eligible retirement plan will permit you to instruct the plan administrator to roll over the distribution directly to the traditional IRA. Alternatively, the plan administrator will issue you a check which you can have made payable to UBS Financial Services Inc. (for your benefit), and direct you to deliver that check to UBS Financial Services Inc. A distribution from an eligible retirement plan which is payable to you may still be rolled over within 60 days, but the plan administrator generally is required to withhold 20% of the distribution as income tax. In that case, you may roll over the entire amount of the distribution you were eligible to receive, using other monies to replace the 20% of the distribution withheld as income tax, or you can roll over only the 80% of the distribution that you actually received and pay income taxes on the 20% of the distribution withheld.

Generally, you cannot roll over a distribution from an eligible retirement plan if it is part of a series of periodic payments made over your or over your beneficiary's lifetime or over a period of ten years or more or any distribution made to you on account of hardship. Also, the amount of any distribution that is equal to the required minimum distribution for the year from an eligible retirement plan or an IRA cannot be rolled over. (The plan administrator of your eligible retirement plan should be able to tell you what portion of your distribution can be rolled over to a traditional IRA.) If you (a spouse or former spouse) receive a distribution from an eligible retirement plan that results from a qualified domestic relations order, you may be able to roll over all or part of the distribution into a traditional IRA. However, an IRA which you inherited due to someone's death can be transferred from another custodian to UBS Financial Services Inc., but it cannot be rolled over into your own IRA (unless you are the spouse of the deceased).

If you roll over any part of a distribution from one traditional IRA to another, then you cannot, within a one-year period starting on the date on which you receive that distribution, roll over any part of a later distribution from one of those two IRAs to the other, or to any third traditional IRA. A rollover of a distribution from an eligible retirement plan to an IRA does not affect your ability to roll over a distribution from one IRA to another IRA in the same one-year period.

However, if you roll over your distribution from an eligible retirement plan to a traditional IRA and later roll over such amount to another eligible retirement plan, the special capital gain and averaging treatment available to plan participants born before 1936 will not be available (unless a "conduit" traditional IRA was established and the assets were segregated in this IRA). You are strongly advised to consult your personal tax or legal advisors before effecting a rollover or transfer from an eligible retirement plan to a traditional IRA.

Distributions from a SIMPLE IRA cannot be rolled over to a traditional IRA until two years have elapsed since you first participated in your employer's

SIMPLE plan. Salary reduction contributions to a SEP may be rolled over to a traditional IRA after certain tests applicable to the SEP have been met.

### **Roth IRA Rollovers and Transfers**

The same rules that permit transfers or rollovers of assets from one traditional IRA to another traditional IRA apply to permit transfers or rollovers from one Roth IRA to another Roth IRA.

A transfer of funds from your Roth IRA with one trustee or custodian to a Roth IRA with another trustee or custodian is not a rollover. It is a tax-free transfer and is not affected by the one-year waiting period between IRA rollovers discussed above. You may transfer your Roth IRA to UBS Financial Services Inc. by instructing the trustee/custodian of your present Roth IRA to transfer all (or a portion) of the Roth IRA account balance to UBS Financial Services Inc. or by executing a transfer form.

### **Conversions from a Traditional IRA to a Roth IRA**

You may be able to convert (rollover) amounts from a traditional IRA to a Roth IRA (but you may not roll over distributions from an eligible retirement plan directly to a Roth IRA) if for the year in which the amount is to be converted from the traditional IRA:

1. you are not a married individual filing a separate Federal income tax return; and
2. your modified AGI does not exceed \$100,000.

A conversion from a traditional IRA to a Roth IRA is like, and subject to the same rules (for example, the rollover must be completed within 60 days and required minimum distributions cannot be converted) as, a rollover from one traditional IRA to another traditional IRA (except that the one-year waiting period does not apply). However, unlike a rollover from one traditional IRA to another traditional IRA, the amount rolled over from your traditional IRA to your Roth IRA will be subject to income tax (except for any non-deductible contributions or after-tax contributions rolled over from an eligible retirement plan), although the 10% early distribution penalty tax will not apply to the amount which is subject to income tax. You can also convert an amount in your SIMPLE IRA to a Roth IRA but only after the 2-year period beginning on the date you first participated in your employer's SIMPLE Plan.

### **Recharacterization of IRA Contributions**

If you make a contribution to one type of IRA for a taxable year, you may recharacterize all or any part of that contribution as a contribution to a different type of IRA (assuming you were eligible to make a contribution of that amount to that type of IRA). To recharacterize a contribution, you must transfer that contribution (or the part you want to recharacterize) plus the earnings allocable to that contribution from the one type of IRA to the other. Neither tax-free transfers to an IRA nor excess contributions from prior years may be recharacterized. That transfer must be made by the due date (including extensions) for filing your income tax return for the taxable year. If you have timely filed your tax return, you have an automatic 6-month extension to recharacterize a contribution or a conversion.

If you have converted an amount from a traditional IRA to a Roth IRA, you can use this rule to recharacterize the amount converted (along with the net income attributable to that amount) back to a traditional IRA. You can also use a recharacterization to avoid a "failed conversion" from a traditional IRA to a Roth IRA (for example, because your modified AGI exceeded \$100,000 for the year) by re-transferring the amount originally converted back to a traditional IRA. In that event, no amount will be includible in your gross income by reason of the original transfer from the traditional IRA to the Roth IRA. If you are recharacterizing a contribution you originally made to a traditional IRA as made to a Roth IRA, no deduction is allowed with respect to the amount transferred from the traditional IRA. You cannot recharacterize employer contributions under a SEP or SIMPLE to another IRA. Also, if you converted a traditional IRA to a Roth IRA and then recharacterized that conversion, you may not reconvert that amount during the same tax year or during the 30-day period following the recharacterization, if later.

If you want to recharacterize a contribution between IRAs, the IRS Regulations require you to provide an irrevocable written notice to the custodian of your IRAs of your election to recharacterize a contribution, and if UBS Financial

Services Inc. is the custodian of both your IRAs, you should contact your Financial Advisor who can provide you with the requisite form of notice. Also, a recharacterization is not a rollover, so it is not subject to withholding nor is it subject to the rule limiting rollovers to once every year.

## **E. Taxation of IRA Distributions**

### **Traditional IRA Distributions**

If you never made any non-deductible contributions or rolled over any after-tax contributions to an employer's qualified plan to a traditional IRA, all amounts distributed to you from a traditional IRA will be includible in your gross income in the tax year that you receive them. These amounts are taxable at ordinary income rates, and neither the special lump-sum distribution provisions nor capital gains treatment is available.

If you have made any non-deductible contributions or rolled over any after-tax contributions from an employer's qualified plan to any of your traditional IRAs, a portion of the subsequent distributions out of any traditional IRA (whether or not it is the traditional IRA to which you made the non-deductible contribution or rolled over the after-tax contributions) will be treated as non-taxable, based upon the ratio of the sum of the unrecovered non-deductible contributions and the after-tax contributions rolled over to the total value at the end of the year of all the traditional IRAs owned by you plus any current year distributions.

### **Early Distribution Penalty Tax**

Since the purpose of a traditional IRA is to accumulate funds for retirement, if you are under age 59½ and receive a distribution from your traditional IRA, the amount distributed would be considered an "early distribution" subject to a 10% early distribution penalty tax. Exceptions to the 10% early distribution penalty tax exist if the distribution is made on account of: (i) unreimbursed medical expenses in excess of 7.5% of your adjusted gross income; (ii) health insurance premiums (but only if you have been unemployed and collecting unemployment compensation under a Federal or state program); (iii) qualified higher education expenses; (iv) a first-time home purchase (\$10,000 lifetime maximum); (v) death; (vi) disability, (vii) a series of substantially equal periodic payments based upon the life expectancy (or joint life expectancy) of you and your beneficiary; (viii) a timely withdrawal of excess contributions; or (ix) an IRS levy. The 10% early distribution penalty tax is based upon the amount of your distribution which is includible in your income for tax purposes, and so distributions of non-deductible contributions, rolled over after-tax contributions or distributions rolled over tax-free to another IRA are not subject to the 10% early distribution penalty tax.

### **Roth IRA Distributions**

If you receive a distribution from your Roth IRA that constitutes a "qualified distribution," none of the amount distributed will be included in your income or subject to any 10% early distribution penalty tax. A "qualified distribution" is any distribution that is made after satisfying a five-year holding period and that is:

- (i). made on or after the date you attain age 59½;
- (ii). made to a beneficiary after your death;
- (iii). attributable to your being totally and permanently disabled; or
- (iv). made to a qualified first-time home buyer (\$10,000 lifetime maximum).

The five-year holding period begins with the first year for which (not necessarily the year in which) a regular contribution was made to any of your Roth IRAs or the first year in which an amount was converted to any of your Roth IRAs and ends on the last day of the fifth year.

If the distribution is not a qualified distribution and includes any of the earnings in your Roth IRA, those distributed earnings will be subject to income tax at the ordinary rates (unless you transferred those earnings to another Roth IRA under circumstances such that it qualified as a rollover) and may be subject to the 10% early distribution penalty tax. For this purpose, amounts distributed to you from your Roth IRA are treated as coming first from any unrecovered annual contributions to the Roth IRA,

next from any amounts transferred or rolled over from another Roth IRA, then from any amounts rolled over (converted) from a traditional IRA, and finally from earnings. Distributions to you of annual contributions and amounts so transferred or rolled over (converted) are not subject to income tax when you receive them.

If, within the five-year period starting with the year in which you converted any amount from a traditional IRA to a Roth IRA, you take a distribution from that Roth IRA of an amount attributable to the portion of the converted amount from the traditional IRA that you included in income, you generally must pay the 10% early distribution penalty tax on that distribution.

## F. Required Minimum Distributions

### Required Minimum Distributions before Death

If your IRA is a traditional IRA, you must begin, and are responsible for, taking a minimum distribution from your traditional IRA for the year you attain age 70½ and for each year thereafter that you live (including the year in which your death occurs). The first minimum distribution must be taken by the April 1st following the calendar year in which you attain age 70½, although you may take more than this minimum amount. The amount to be distributed each year from your traditional IRA may not be less than the quotient obtained by dividing the value of your traditional IRA as of the preceding December 31st by the distribution period in the IRS's Uniform Lifetime Table, using your age as of your birthday in that year. If your sole Designated Beneficiary (as defined below) is your spouse and your spouse is more than ten years younger than you, the distribution period is determined under the IRS's Joint and Last Survivor Table, using your age and your spouse's age in that year. Required minimum distributions may not be rolled over to another IRA or to an eligible retirement plan. If the required minimum distribution for any year is not distributed, you will be subject to a penalty tax equal to 50% of the amount that should have been distributed to you but that remained in your IRA.

If your IRA is a Roth IRA, you are not required to take any minimum distribution from your Roth IRA during your lifetime.

### Required Minimum Distributions after Death

If your IRA is a traditional IRA and your death occurs after you had attained age 70½, the amount in your traditional IRA is required to be distributed to your beneficiary over the longer of either your remaining life expectancy or the remaining life expectancy of your Designated Beneficiary. If your beneficiary is not a Designated Beneficiary, your traditional IRA is required to be distributed over your remaining life expectancy.

If your IRA is a traditional IRA and your death occurs before you had attained age 70½ or you have a Roth IRA (and regardless of your age), your IRA is required to be distributed to your beneficiary: (i) if your Designated Beneficiary is other than your surviving spouse, over the remaining life expectancy of your Designated Beneficiary or by the end of the calendar year containing the fifth anniversary of your death, if so elected; (ii) if your sole Designated Beneficiary is your surviving spouse, over the remaining life expectancy of your spouse (beginning by the end of the calendar year following the year of your death or by the end of the year you would have attained age 70½ if later) or by the end of the calendar year containing the fifth anniversary of your death, if so elected; and (iii) if you do not have a Designated Beneficiary, by the end of the calendar year containing the fifth anniversary of your death.

### Naming a Beneficiary

Your "beneficiary" means the person or persons designated as such by you during your lifetime on a form acceptable to, and accepted by, UBS Financial Services Inc. The designation may name persons, estates, trusts or entities to take upon the contingency of survival, and you do not need to obtain the consent of any other person to your designation of your beneficiaries. (However, if you reside in a community property State and your spouse is not designated your primary beneficiary as to at least 50% of your IRA assets, your spouse's consent to your beneficiary designation may be necessary for that designation to be effective.) If your beneficiary designation fails to dispose of all of the assets in your IRA as of the time a distribution is to commence after your death, effective if your death occurs after December 31,

2003, your beneficiary will be your surviving spouse, and if you do not have a surviving spouse, your beneficiary will be your estate. The last form accepted by UBS Financial Services Inc. before such distribution is to commence will be controlling, whether or not it disposes of all of the assets in your IRA, and will operate to revoke all such forms previously filed by you.

**Designated Beneficiary.** A "Designated Beneficiary" is any individual who is designated by you as a beneficiary (as described above) who remains as a beneficiary as of the September 30th of the calendar year following the calendar year of your death. In some cases, as permitted by the IRS Regulations, the individual beneficiary of a trust that is designated by you as a beneficiary can qualify as a "Designated Beneficiary" for purposes of determining the required period for distributions from your IRA. If a beneficiary other than an individual or a qualifying trust is named as your beneficiary, you will be treated as having no "Designated Beneficiary" for purposes of determining the required period for distributions from your IRA.

**Surviving Spouse.** If your surviving spouse is the sole Designated Beneficiary of your IRA, your spouse may elect to treat this IRA as if it were the spouse's own IRA by redesignating the IRA (in accordance with the procedures established by UBS Financial Services Inc.) as an IRA in his or her own name (rather than as a beneficiary IRA). Your surviving spouse will also be deemed to make this election by either contributing any amount to the IRA or by failing to cause a required minimum distribution to be made within the time period required.

**Successor Beneficiary.** The beneficiaries that you originally designate after your death may name a person or persons (referred to as a successor beneficiary) who would be entitled to receive any assets remaining in the IRA upon the death of that original beneficiary. Your original beneficiary must designate any successor beneficiaries on a form acceptable to, and accepted by, UBS Financial Services Inc. If your original beneficiary's designation fails to dispose of all of the assets remaining in the IRA, those remaining assets will be paid to your beneficiary's surviving spouse, then your beneficiary's estate (for beneficiaries dying after December 31, 2003). The designation of a successor beneficiary will not change the amount of any required minimum distribution, which must still be calculated with respect to your original beneficiary.

### Requesting Distributions

UBS Financial Services Inc. will not make any distribution, including any required minimum distribution, to you or your beneficiary unless you or your beneficiary, as applicable, requests that distribution in accordance with UBS Financial Services Inc. procedures. Your beneficiary must furnish UBS Financial Services Inc. with such instruments and documents as UBS Financial Services Inc. requests to establish the beneficiary's right to assets in your IRA, as well as (in a manner acceptable to UBS Financial Services Inc.) any elections desired, including an election to establish separate accounts with respect to the IRA. UBS Financial Services Inc. has no duty, obligation or responsibility to remind you or your beneficiary as to these distribution obligations, nor does UBS Financial Services Inc., have any duty to calculate the amount that must actually be distributed from the IRA at any time. As a result, UBS Financial Services Inc. will not be liable to you or your beneficiary for any tax or penalty imposed for failing to receive any required minimum distribution.

## G. Investment of Contributions

**Investments.** Unless you enter into a separate written contractual arrangement with UBS Financial Services Inc. providing otherwise, you control the investment and reinvestment of the assets in your IRA. Your directions as to the investment of your account are transmitted directly by you (or a person properly authorized by you) to your Financial Advisor, who acts as your agent in carrying out these investment instructions. However, the Internal Revenue Code provides that you may not invest any part of your IRA in life insurance.

Assets of your IRA (including annuity or insurance contracts held in the IRA) will be held by UBS Financial Services Inc. in its name for your benefit.

All contributions to your IRA can be invested and reinvested in marketable securities that are traded by, or obtainable through, UBS Financial Services Inc. either on a recognized exchange, such as the New York or American Stock Exchange, or "over-the-counter" or in shares of open-end regulated investment companies. Also, you may invest your IRA in other investments UBS Financial Services Inc. in its sole discretion agrees to hold pursuant to its policies and procedures then in effect. However, UBS Financial Services Inc. may condition its approval upon allowing a particular investment to be acquired for, or held in, your IRA upon the receipt of a written agreement from you containing such terms as UBS Financial Services Inc. deems appropriate. Furthermore, UBS Financial Services Inc. reserves the right to revoke its decision to allow any particular investment to be held in your IRA upon notice to you. UBS Financial Services Inc. will have no liability to you if it revokes its decision, and you will be required within 30 days thereafter to instruct UBS Financial Services Inc. to sell, transfer or distribute the particular investment. If you fail to give any such instructions, UBS Financial Services Inc. may distribute the investment to you.

As the income from, and gain or loss on, each investment you select for your IRA will affect the value of the IRA, the growth in value of your IRA cannot be guaranteed or projected.

**Sweep Fund.** You may select a sweep fund (from those available to your IRA) into which uninvested cash balances in your IRA will automatically be invested. If you fail to elect a sweep option, UBS Financial Services Inc. may automatically sweep uninvested cash balances into a sweep option consistent with the other agreements between you and UBS Financial Services Inc. then in effect.

**Collectibles.** You may not invest any part of your IRA in "collectibles," which include artworks, rugs, antiques, metals, gems, stamps, alcoholic beverages or coins, with the exception of certain gold, silver and platinum coins, any coins issued under the laws of any State and certain gold, silver, platinum or palladium bullion if such bullion is in the physical possession of UBS Financial Services Inc. If you invest any part of your IRA in a collectible, the cost of that investment is treated as a distribution from the IRA.

**Prohibited Transactions.** The tax exempt status of your IRA will be revoked if you engage in any "prohibited transaction" described in Section 4975 of the Internal Revenue Code with a "disqualified person," which is defined as including yourself, your beneficiary, certain members of your family and entities (corporations, partnerships, trusts or estates) in which you or they have a substantial interest. Generally, a prohibited transaction involving an IRA is any act or transaction involving self-dealing. Some examples of prohibited transactions are:

1. Selling or leasing of any property between your IRA and a disqualified person.
2. Transferring any property to/from a disqualified person to/from your IRA.
3. Using your IRA or any of its assets to benefit a disqualified person, such as the purchase of a vacation home for yourself.
4. A disqualified person borrowing any money from your IRA or using your IRA as security for a loan to a disqualified person.

If you engage in a prohibited transaction with your IRA, the entire fair market value of your IRA as of the January 1st in which such prohibited transaction takes place is treated as distributed to you. That entire amount is included in your income for income tax purposes and may also be subject to the 10% early distribution penalty tax if you have not yet attained age 59½.

In addition, if you use all or any part of your interest in your IRA as security for a loan to yourself, the portion of your IRA used as security for the loan will be treated as distributed to you and taxed as ordinary income in the year in which the money is borrowed. If you are under age 59½ the amount treated as distributed will also be subject to the 10% early distribution penalty tax.

**Your Investment Responsibilities.** As you control and direct the investment of the assets in your IRA, you are responsible for determining the legal consequences (including the income tax and 10% early distribution penalty tax consequences) of any investment in your IRA. For example, it is

your responsibility to determine whether any investment or transaction in or involving your IRA will result in a prohibited transaction or whether an investment constitutes a collectible.

UBS Financial Services Inc. does not review your investments, and so UBS Financial Services Inc. has no responsibility (or liability) for determining, or for advising you of, the consequences of any investment.

## H. Fees and Expenses of the IRA

**Amount of Fees.** Generally, all of the fees applicable to your IRA are described in detail in the accompanying documentation. These fees may be changed upon 30 days' notice to you.

**Paying Fees.** The Annual Maintenance Fee is charged for any calendar year (or portion thereof) during which you have an IRA with UBS Financial Services Inc. You may choose to pay this fee directly or to have it deducted from your IRA. The fee will be charged and deducted automatically from your IRA account annually and the amounts charged will be shown on your brokerage statement.

A transfer/termination fee is also charged when all or substantially all of the assets in your IRA are transferred to a successor custodian or trustee or distributed to you. However, the termination fees are not charged when the termination of the IRA is attendant to the payment of a total distribution after you reach age 59½, are totally disabled or die.

Fees which are deducted from your IRA will be paid from the cash, sweep option or money market shares in your IRA. If the cash, sweep option or money market shares in your IRA are not sufficient to pay the fees, you authorize UBS Financial Services Inc. to liquidate the last investment purchased in the IRA and apply the proceeds against any unpaid fees then due. Further liquidations, if required, will be done in reverse order of the date of purchase.

**Expenses.** UBS Financial Services Inc. may also charge your IRA for any of its reasonable out-of-pocket costs and an appropriate administrative expense arising from unforeseen situations (such as taxes or penalties imposed upon your IRA or legal expenses incurred in defending claims against, or to resolve the claims of competing beneficiaries for, your IRA), as well as for expenses incurred due to the maintenance of certain investments (for example, for the storage of Eagle coins or the holding of bullion). In most cases, however, UBS Financial Services Inc. will inform you before those expenses are to be incurred.

You will incur normal brokerage commissions or fees on purchases and sales of securities, as well as administrative, distribution and advisory fees that are charged on mutual funds and limited partnership investments as described in the offering materials or prospectuses relating to those investments. These brokerage commissions and fees will be deducted from your IRA and cannot be paid by you directly.

Also, you may incur various fees and costs in connection with your IRA, such as legal fees when UBS Financial Services Inc. requires you to furnish it with a legal opinion as to certain actions you wish to take or instructions you wish to give.

## I. Tax Matters

**Complexity of Tax Rules.** The Internal Revenue Code and the IRS Regulations contain numerous complex and technical rules relating to IRAs, including rules as to the deductibility of contributions to an IRA, early distributions, required minimum distributions, rollovers, prohibited transactions and the removal of excess contributions. UBS Financial Services Inc. strongly recommends that if you have any questions as to the tax treatment of any specific transactions involving your IRA, you should obtain and rely upon the advice of your personal tax advisor or attorney.

UBS Financial Services Inc. will not have any liability to you or to your beneficiary for any income taxes, penalty taxes or other damages which may result from you or your beneficiary's failure to follow these technical rules, or failing to advise you (or advising you incorrectly) as to the tax

treatment of any transaction involving your IRA. Furthermore, UBS Financial Services Inc. does not assume any responsibility for the deductibility of any contributions to your traditional IRA or the taxation of distributions of any amounts from your traditional IRA or Roth IRA. To the extent that any such tax, penalty or damages are incurred, they will be charged against your IRA as an expense.

**Form 1099R.** UBS Financial Services Inc. will report all distributions to the IRS on Form 1099R. This report will include a description of the distribution (e.g., early, normal, etc.). For reporting purposes, a direct transfer of assets to a successor custodian or trustee is not considered a distribution. Whenever you request a distribution, you are required to indicate the reason for that distribution on the request form, as well as any exceptions which may apply to the 10% early distribution penalty tax.

**Form 5498.** UBS Financial Services Inc. will report to the IRS on Form 5498 the amount of any contribution, rollovers, conversions or recharacterizations made to an IRA during a calendar year, as well as the tax year for which the contribution is made.

**Tax Forms You Must File.** You must file Form 5329 with the IRS for each tax year during which the contribution limits are exceeded, an early distribution subject to the 10% early distribution penalty tax occurs, or less than the required minimum amount is distributed from your IRA. If you make a non-deductible contribution to your traditional IRA, you must file Form 8606 with your income tax return. If you fail to file Form 8606, a \$50 penalty per failure may be imposed.

**Withholding.** Federal income tax will be withheld from the distributions you receive from a traditional IRA or Roth IRA unless you elect not to have income tax withheld. In addition, if you reside in a State that requires State income tax to be withheld, distributions from your traditional IRA or Roth IRA may also be subject to State income tax withholding, absent any permitted election. Generally, Federal income tax on non-periodic distributions is withheld at a flat 10% rate. If IRA distributions are payable outside the United States, however, special withholding rules will apply. Your election not to have any income tax withheld will not affect your liability for income tax on the taxable amount of any distribution.

**Unrelated Business Taxable Income.** The income earned in your IRA is generally exempt from Federal income taxes and will not be taxed until distributed to you unless you make an investment that results in "unrelated business taxable income." Unrelated business taxable income can result, for example, from an investment in a limited partnership interest in a partnership that is debt-financed or that actively conducts a trade or business or as a result of investing in a mutual fund that has REMIC residual interests as assets.

If your IRA derives unrelated business taxable income which for any year exceeds \$1,000, then unrelated business income tax will be due.

**Tax Returns for Your IRA.** If the investments in your IRA generate \$1,000 or more of unrelated business taxable income for any year, a tax return, Form 990-T, Exempt Organization Business Income Tax Return, must be filed. If a Form 990-T is required to be filed, then an employer identification number (EIN) must be obtained from the IRS (applications for an EIN are made by filing Form SS-4 with the IRS) for your IRA. This unrelated business income tax is an expense of your IRA and should be paid from your IRA.

In certain other circumstances, it may be advantageous to file a tax return or a tax claim in order to recover a tax attributable to an investment by your IRA. For example, if certain capital gains taxes are paid by a mutual fund, or a tax is withheld on a dividend from a foreign stock, a refund of that tax may be obtainable by filing an appropriate claim. You are responsible for determining whenever the filing of a tax return or tax claim as a result of an investment in your IRA is required or advantageous, and it is your responsibility to have the tax return or tax claim prepared at your expense (other than a return for a refund with respect to an investment in a regulated investment company or real estate investment trust). For example, if one or more investments in your IRA generate over \$1,000 of unrelated business taxable income for any year, you are required to arrange for the preparation of IRS Form 990-T (as well as

any required State or local tax returns). Any tax, penalties or interest that may be assessed against your IRA or UBS Financial Services Inc., in its capacity as custodian of your IRA as a result of your failure to timely file any tax return will be charged as an expense of your IRA.

Also, if any tax return or tax claim relating to your IRA requires the signature of UBS Financial Services Inc. as custodian of your IRA, you should arrange to have the original and one copy of the required return or claim delivered to your Financial Advisor at least two weeks before the date that tax return or tax claim is due, accompanied by a stamped envelope addressed to the taxing authority to which you wish the return or claim mailed. However, UBS Financial Services Inc. will not be reviewing any tax return or tax claim to determine whether it is complete or correct. If any tax is to be paid with any tax return, you should also provide your Financial Advisor with instructions regarding such payment. Any refunds of tax obtained as a result of the filing of any tax refund claim will be credited to your IRA when received by UBS Financial Services Inc.

**Saver's Tax Credit.** Eligible individuals may receive a "Saver's Tax Credit" for contributions to a traditional IRA or Roth IRA. The credit (which is in addition to any tax deduction) is limited to a percentage (between 50% and 10% depending on your income and filing status) of your IRA contribution up to a maximum of \$2,000 for each taxable year, and may not exceed \$1,000 for a year. This IRA contribution amount is reduced by certain IRA distributions made during the year. The credit is based upon your income, and is available for joint filers with income less than or equal to \$50,000, for heads of household with income less than or equal to \$37,500 and for all other filers with income less than or equal to \$25,000. The credit is available only to individuals age 18 and older who are not students and who are not individuals for whom a dependency exemption is allowed to another taxpayer. The Saver's Tax Credit will expire for tax years beginning after December 31, 2006.

## J. Termination of IRA

You may terminate this IRA at any time by sending a written notice of such termination, which must be signed by you and must include the UBS Financial Services Inc. account number of your IRA, to:

Retirement Services - Manager  
UBS Financial Services Inc.  
1200 Harbor Blvd. - 6th Fl.  
Weehawken, NJ 07086-6791

The termination of your IRA will not terminate any of your obligations under the Custodial Agreement or the Master Account Agreement, including your obligation for the payment of fees. Your IRA will also terminate upon the date when all of the assets in your IRA have been distributed or transferred. If you transfer your IRA to another custodian and that custodian fails or refuses to accept any asset in your IRA (such as non-traded stocks or partnership interests), then UBS Financial Services Inc. will distribute those assets directly to you, and you may be liable for income and penalty taxes on that distribution.

UBS Financial Services Inc., may resign as the custodian of your IRA upon 30 days' prior written notice to you. If UBS Financial Services Inc. appoints a successor custodian upon its resignation, you will be treated as accepting the successor custodian's appointment unless you notify UBS Financial Services Inc. within 30 days of being notified of UBS Financial Services Inc. resignation that you reject the appointment of that successor. If UBS Financial Services Inc. does not appoint a successor custodian or you reject the successor appointed by UBS Financial Services Inc., then you must appoint a successor custodian for your IRA within that 30-day period. If you fail to appoint a successor custodian within such 30-day period, UBS Financial Services Inc. may distribute the balance in your IRA to you, and you may be liable for income and penalty taxes on that distribution.

If you remove UBS Financial Services Inc. as custodian of your IRA or transfer your IRA for any reason, UBS Financial Services Inc. may deduct and withhold from the amount being distributed or transferred any unpaid

fees and administrative expenses, as well as the fees attributable to any transfer or distribution.

## Custodial Agreement for Traditional or ROTH Individual Retirement Accounts

The Client named in the Adoption Agreement desires to establish or continue an individual retirement plan (an "IRA"), as defined in Section 7701(a)(37) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Client has designated this IRA in the Adoption Agreement as either a traditional IRA described in Section 408(a) of the Code (a "traditional IRA") or as a Roth IRA described in Section 408A(b) of the Code (a "Roth IRA").

UBS Financial Services Inc, as custodian (the "Custodian"), has given the Client the Disclosure Statement as required under Section 408(i) of the Code. The Client acknowledges having received and read the Disclosure Statement and all of the documents referred to in the Disclosure Statement.

The Client and the Custodian, by execution of the Adoption Agreement made a part hereof, agree as follows:

### ARTICLE I - Traditional IRA Contribution Limit

1.1 If the Client has designated this IRA as a Traditional IRA in the Adoption Agreement, then unless the contribution is a rollover contribution, as described in Sections 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16) of the Code ("Rollover Contribution"), or an employer contribution made in accordance with the terms of a Simplified Employee Pension, as described in Section 408(k) of the Code ("SEP Contribution"), (i) contributions to this Traditional IRA may only be made by a Client who has not attained age 70½ by the end of the taxable year for which the contribution is made and (ii) total cash contributions on behalf of the Client are limited to:

- (a) \$3,000 for any taxable year beginning in 2002 through 2004;
- (b) \$4,000 for any taxable year beginning in 2005 through 2007; and
- (c) \$5,000 for any taxable year beginning in 2008 and years thereafter.

After 2008, the limit will be adjusted by the Secretary of the Treasury for cost-of-living increases under Section 219(b)(5)(C) of the Code. Such adjustments will be in multiples of \$500.

To the extent permitted by the Code, the Client may make contributions to this Traditional IRA that are fully-deductible, partially-deductible or non-deductible for Federal income tax purposes.

1.2 In the case of a Client who is age 50 or older by the end of the taxable year, the annual cash contribution limit in Section 1.1 is increased by:

- (a) \$500 for any taxable year beginning in 2002 through 2005; and
- (b) \$1,000 for any taxable year beginning in 2006 and years thereafter.

1.3 Except in the case of a Rollover Contribution or SEP Contribution, the Custodian will not knowingly accept contributions to the Traditional IRA from or on behalf of the Client exceeding the sum of the dollar limitations described in Sections 1.1 and 1.2 for such year, nor shall the Custodian knowingly accept any contribution other than in cash.

### ARTICLE II - Roth IRA Contribution Limit

2.1 If the Client has designated this IRA as a Roth IRA in the Adoption Agreement, then subject to the requirements and limitations set forth below in this Article II, a Client may make Regular Contributions, Qualified Rollover Contributions and Direct Transfers to this Roth IRA.

The Client assumes all responsibility for determining, and represents to the Custodian, that (a) any such contribution or transfer complies with all of the requirements, and does not exceed any of the limitations, set forth in Sections 2.2, 2.3, 2.4 and 2.5 below, and (b) if the Client makes any contribution to the Roth IRA that is intended to be a Qualified Rollover Contribution, such amount is a "Qualified Rollover Contribution", as such term is defined in Section 2.7(f).

2.2 The maximum amount of Regular Contributions made on behalf of the Client to this Roth IRA, when aggregated with the Regular Contributions made on behalf of the Client to all other Roth IRAs maintained for the Client's benefit, for any taxable year shall not exceed the lesser of (x) the Applicable Amount or (y) the Client's Compensation for such year. However, such maximum amount for any taxable year shall be reduced (but not below \$0) by the greater of the following amounts: (a) the amount which bears the same ratio to such maximum amount as (i) the excess of (I) the Client's Modified AGI for such year over (II) the Client's Applicable Dollar Amount for such year bears to (ii) \$15,000, or \$10,000 if the Client is married or (b) the amount of Regular Contributions made on behalf of the Client for that year to all IRAs maintained for the Client other than Roth IRAs. The amount computed in (a) is rounded down to the next multiple of \$10, and shall not reduce the maximum amount of Regular Contributions below \$200, unless it reduces such amount to zero.

Contributions to a SIMPLE IRA, a Coverdell education savings account (that is, an account described in Section 530 of the Code) or a SEP (that is, simplified employer pension described in Section 408(k) of the Code) are not taken into account in determining the amount in (b).

2.3 The Client may not make a Qualified Rollover Contribution or a Direct Transfer of any amount to this Roth IRA from an IRA which is not a Roth IRA if, for the taxable year in which such amount is distributed or transferred from such nonRoth IRA, (a) the Client is a married individual and files a separate federal income tax return, (b) the Client is a married individual and together the Client and the Client's spouse have Modified AGI in excess of \$100,000 or (c) the Client is not a married individual and has Modified AGI in excess of \$100,000.

2.4 A Regular Contribution to an IRA which is not a Roth IRA may be recharacterized and transferred to this Roth IRA, pursuant to Section 408A(d)(6) of the Code and the Treasury regulations thereunder including Treasury Regulation Section 1.408A-5, as a Regular Contribution subject to the limits in Section 2.2 above for the taxable year for which such Regular Contribution was made to such nonRoth IRA.

2.5 The Custodian will not knowingly accept any Regular Contribution to the Roth IRA from or on behalf of the Client in excess of the Applicable Amount, nor shall the Custodian knowingly accept any Regular Contribution other than in cash.

2.6 For purposes of applying this Article II (and the definition of "Applicable Dollar Amount" in Section 2.7(a)), a Client shall not be treated as married for a taxable year if the Client and his or her spouse have lived apart at all times during that taxable year, and file separate federal income tax returns for that taxable year.

2.7 The following definitions shall apply for purposes of this Article II:

- (a) "Applicable Amount," shall mean (a) if the Client is under age 50 at the end of the year, \$3,000 for any taxable year beginning in 2002 through 2004, \$4,000 for any taxable year beginning in 2005 through 2007 and \$5,000 for any taxable year beginning in 2008 and years thereafter, and (b) if the Client is age 50 or older at the end of the year, \$3,500 for any taxable year beginning in 2002 through 2004, \$4,500 for any taxable year beginning in 2005, \$5,000 for any taxable year beginning in 2006 through 2007 and \$6,000 for any taxable year beginning in 2008 and years thereafter. After 2008, the limits described in (a) and (b) will be adjusted by the Secretary of the Treasury for cost-of-living increases under Section 219(b)(5)(C) of the Code. Such adjustments will be in multiples of \$500.
- (b) "Applicable Dollar Amount" shall mean, for any taxable year, (a) \$150,000 if the Client is married and files a joint federal income tax return for that year, (b) zero if the Client is married and files a separate federal income tax return for that year, or (c) \$95,000 otherwise.
- (c) "Compensation" shall mean wages, salaries, professional fees, and any other amounts derived from or received for personal services actually rendered (including, but not limited to, commissions paid to salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses). Compensation includes "earned income", as defined in Section 401(c)(2) of the Code, reduced by any deduction taken by the Client for contributions made to a self-employed retirement plan, and determined by applying Section 401(c)(2) of the Code as if the term "trade or business" used in Section 1402 of the Code included service described in Section 401(c)(6) of the Code. "Compensation" also includes any amount includible in the Client's gross income for federal income tax purposes under Section 71 of the Code with respect to a divorce or separation instrument described in Section 71(b)(2)(A) of the Code. Compensation does not include (a) amounts not included in the Client's gross income for federal income tax purposes, (b) amounts derived from or received as earnings or profits from property (including, but not limited to, interest and dividends), or (c) amounts received as a pension or annuity or as deferred compensation. If, for any taxable year, the Client is married and files a joint federal income tax return, and the Compensation of the Client's spouse is greater than the Client's own Compensation, then the Client's Compensation for such year shall be increased by the excess of (i) the Compensation of the Client's spouse for such year over (ii) the aggregate amount, for such year, of such spouse's regular contributions to all Roth IRAs and deductible contributions to all IRAs which are not Roth IRAs.
- (d) "Direct Transfer" shall mean a transfer from the trustee or custodian of one IRA directly to the trustee or custodian of another IRA. A Direct Transfer shall not be treated as a Qualified Rollover Contribution or a Regular Contribution.
- (e) "Modified AGI," for any taxable year, shall mean adjusted gross income as determined under Section 219(g)(3) of the Code, except that such term shall not include (a) any amount included in federal adjusted gross income under Section 408A(d)(3) of the Code as a result of a Qualified Rollover Contribution or a Direct Transfer to a Roth IRA from an IRA which is not a Roth IRA, or (b) for any taxable year beginning after December 31, 2004, for purposes of Section 2.3, any amount included in gross income for federal income tax purposes by reason of a distribution required to be made from an IRA under Section 408(a)(6) or (b)(3) of the Code.
- (f) "Qualified Rollover Contribution" shall mean a rollover contribution from an IRA that meets the requirements of Section 408(d)(3) of the Code, and for any taxable year after December 31, 2005, shall

also include a rollover contribution described in Section 402A(c)(3)(A) of the Code. Notwithstanding the foregoing, the one-rollover-per-year rule of Section 408(d)(3)(B) shall not apply if the Qualified Rollover Contribution is from an IRA other than a Roth IRA.

- (g) "Regular Contribution" shall mean a contribution other than a Qualified Rollover Contribution, that does not exceed the lesser of the Applicable Amount or the Client's Compensation.

**ARTICLE III - Exclusive Benefit and Nonforfeitable Interest**

- 3.1 The IRA is established for the exclusive benefit of the Client or his or her Beneficiaries.
- 3.2 The Client's interest in the balance in the IRA is nonforfeitable at all times.

**ARTICLE IV - Investments**

- 4.1 Unless otherwise agreed to in writing, the Client shall direct the investments in the IRA. Such investments may be made in:
  - (a) marketable securities that are traded by, or obtainable through, the Custodian either "over-the-counter" or on a recognized exchange;
  - (b) shares of open-ended regulated investment companies;
  - (c) and other investments the Custodian in its sole discretion agrees to hold pursuant to its policies and procedures then in effect.

The Custodian may condition its decision to allow an investment to be held in the IRA upon the receipt of an agreement from the Client containing such terms, conditions and representations and warranties as the Custodian shall determine. The Custodian's decision to permit the holding of any investment in the IRA shall not constitute approval of the investment merits of the investment nor a judgment as to the prudence or advisability of the investment.

The Custodian reserves the absolute right to revoke its decision to permit the holding in the IRA of any investment at any time and for any reason, and the Custodian shall have no liability for any loss, damage or expense suffered or incurred by the Client by reason of the revocation of the Custodian's decision. If the Custodian notifies the Client that it revokes its decision, then within thirty (30) days after such notice is given the Client shall instruct the Custodian as to the liquidation, distribution, transfer or other disposition of the investment to which the revocation of the Custodian's decision applies. If the Client fails to provide the Custodian with instructions within such thirty-day period, the Client shall be deemed to have elected to receive an in-kind distribution of such investment.

- 4.2 No part of the assets in the IRA may be invested in life insurance contracts, nor may the assets in the IRA be commingled with other property except in a common trust fund or common investment fund (within the meaning of Section 408(a)(5) of the Code).
- 4.3 No part of the assets in the IRA may be invested in collectibles (within the meaning of Section 408(m) of the Code).
- 4.4 The Client may select a sweep option (from those available to the IRA) into which uninvested cash balances in the IRA will be invested and reinvested. If a Client fails to elect a sweep option, the Custodian may automatically sweep uninvested cash balances into a sweep option consistent with the other agreements then in effect between the Client and Custodian.
- 4.5 All investments in the IRA shall be made or directed by the Client in such amounts and at such times as the Client (or a person authorized by the Client) shall instruct and shall be made through the facilities of the Custodian. The Custodian shall not have any duty to question the Client's investment instructions or to render any advice to the Client regarding the value of any investment or to make recommendations regarding the advisability of investing in,

holding or selling any investment, unless otherwise agreed to in writing by the Custodian. Not having any discretionary authority over the investment of the assets in the IRA or any responsibility for rendering any investment advice with respect to the assets in the IRA, the Client agrees that the Custodian shall not be liable for any loss which may result from the investment of any asset in the IRA.

- 4.6 The Custodian shall effect all investment directions hereunder and execute any purchases and sales of investments for, and on behalf of, the IRA.

The Custodian shall maintain records of any transactions effected by it. The brokerage account maintained in connection herewith shall be in the name of the Custodian for the benefit of the Client. All assets of the IRA (including annuity or insurance contracts held in the IRA) shall be registered in the name of the Custodian or of a nominee (and the same nominee may be used with respect to assets of other investors whether or not held under agreements similar to this one or in any fiduciary capacity whatsoever); provided however, that the Custodian may hold any security in bearer form or by or through a central clearing corporation maintained by institutions active in the national securities markets.

- 4.7 The Client shall have the sole responsibility to determine whether the acquisition, holding or disposition of any asset in the IRA (a) complies with the limitations applicable to investments by individual retirement accounts, including, without limiting the generality of the foregoing, the limitations contained in Sections 4.2 and 4.3 hereof, or (b) is a "prohibited transaction" under Section 4975 of the Code. The Client warrants that any investment or other instructions given to the Custodian will comply with such limitations and will not constitute a prohibited transaction. The Custodian shall have no liability to the Client for any tax, penalty, loss or liability as a result of failure to comply with such rules.

#### **ARTICLE V - Contributions**

- 5.1 The Custodian may accept contributions from or on behalf of the Client, and unless otherwise specified by the Client, the Custodian shall assume that all contributions received are attributable to the taxable year in which they are received by the Custodian.
- 5.2 If this IRA is a Traditional IRA and the Client elects to transfer any contributions for a taxable year from this Traditional IRA to a Roth IRA (in accordance with Section 408A(d)(3)(D) of the Code), the Client shall notify the Custodian of such fact and shall specify the amount of any earnings allocable thereto.
- 5.3 No contributions to this IRA will be accepted under a SIMPLE IRA plan established by any employer pursuant to Section 408(p) of the Code. Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan will be knowingly accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the 2-year period beginning on the date the Client first participated in that employer's SIMPLE IRA plan.
- 5.4 If during a taxable year the Client contributes an amount that exceeds the amount which may be contributed by the Client for such year, then the Client shall notify the Custodian in writing that an excess contribution has been made, stating the reason therefore, the taxable year of the Client to which the excess relates and the amount of the excess (together with earnings attributable thereto if necessary), and the Custodian shall distribute to the Client in an amount of cash, or property with a fair market value at the time of distribution, equal to the sum of such excess and the earnings attributable thereto if required. Any excess contributions that arise and that do not exceed the maximum amount which may be contributed under Section 219 of the Code may be treated by the Client as a contribution in the then current or a succeeding taxable year instead of being so distributed; provided, however, that in such event, the Client may still be liable for taxes and penalties between the year in which the excess contribution

was actually made and the year in which such amount is subsequently treated as having been contributed. Any contribution made by a Beneficiary other than a surviving spouse to the IRA will be an excess contribution.

#### **ARTICLE VI - Distributions**

- 6.1 Notwithstanding any provision of this IRA to the contrary, the Client acknowledges that he or she is required to ensure that the distribution of his or her interest in this IRA is made in accordance with the requirements under Section 408(a)(6) of the Code and the Treasury Regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are made from an annuity contract purchased from an insurance company, distributions thereunder must satisfy the requirements of Temporary Treasury Regulation Section 1.401(a)(9)-6T Q&A 4, rather than paragraphs (b), (c) and (d) below and Sections 6.2, 6.3, 6.4 and 6.5, as applicable.
- 6.2 (a) If this IRA is designated as a Traditional IRA in the Adoption Agreement, then the Client acknowledges that the Client is responsible for ensuring that the entire interest in all individual retirement accounts (including this traditional IRA) (other than a Roth IRA) must begin to be distributed by the April 1st following the end of the calendar year in which the Client attains age 70½ (the "Required Beginning Date") over the life of the Client or the lives of the Client and his or her Designated Beneficiary. For purposes of this Section 6.2, all of the Client's IRAs, including this IRA, shall be treated as a single IRA and the required minimum distributions calculated for this IRA may be withdrawn from another IRA of the Client in accordance with Treasury Regulation Section 1.408-8 Q&A 9, as determined by the Client.
- (b) The amount to be distributed each year, beginning with the calendar year in which the Client attains age 70½ and continuing through the year of death, shall not be less than the quotient obtained by dividing the value of the IRA (as determined under Section 6.5) as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A 2, using the Client's age as of his or her birthday in the year. However, if the Client's sole Designated Beneficiary is his or her surviving spouse and such spouse is more than 10 years younger than the Client, then the distribution period is determined under the Joint and Last Survivor Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A 3, using the ages of the Client's and spouse's birthdays in the year.
- (c) The required minimum distribution for the year the individual attains age 70½ can be made as late as April 1st of the following year. The required minimum distribution for any other year must be made by the end of such year.
- 6.3 If this IRA is designated as a Traditional IRA in the Adoption Agreement and the Client dies on or after the Required Beginning Date, then the remaining portion of his or her interest in this IRA is required to be distributed at least as rapidly as follows:
- (a) If the Designated Beneficiary is someone other than the Client's surviving spouse, the remaining interest is required to be distributed over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the Beneficiary's age as of his or her birthday in the year following the year of the Client's death, or over the period described in paragraph (c) below if longer.
- (b) If the Client's sole Designated Beneficiary is the Client's surviving spouse, the remaining interest is required to be distributed over such spouse's life or over the period described in paragraph (c) below if longer. Any interest remaining after such spouse's death is required to be distributed over such



spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death, or, if the distributions are being made over the period described in paragraph (c) below, over such period.

- (c) If there is no Designated Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the remaining interest is required to be distributed over the Client's remaining life expectancy determined in the year of the Client's death.
  - (d) The amount required to be distributed each year under paragraph (a), (b) or (c), beginning with the calendar year following the calendar year of the Client's death, is the quotient obtained by dividing the value of the IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A-1.
  - (e) If distributions are being made to a surviving spouse as the sole Designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's or Client's age in the year specified in paragraph (a), (b) or (c) and reduced by 1 for each subsequent year.
- 6.4 If this IRA is designated as a Roth IRA in the Adoption Agreement, no amount is required to be distributed prior to the death of the Client. If this IRA is designated as a Roth IRA in the Adoption Agreement and the Client dies or if this IRA is designated as a Traditional IRA in the Adoption Agreement and the Client dies before the Required Beginning Date, his or her entire interest in this IRA is required to be distributed at least as rapidly as follows:
- (a) If the Designated Beneficiary is someone other than the Client's surviving spouse, the entire interest is required to be distributed, starting by the end of the calendar year following the calendar year of the Client's death, over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the age of the Designated Beneficiary as of his or her birthday in the year following the year of the Client's death, or, if elected, in accordance with paragraph (c) below.
  - (b) If the Client's sole Designated Beneficiary is the Client's surviving spouse, the entire interest is required to be distributed, starting by the end of the calendar year following the calendar year of the Client's death (or by the end of the calendar year in which the Client would have attained age 70½, if later), over such spouse's life, or, if elected, in accordance with paragraph (c) below. If the surviving spouse dies before distributions are required to begin, the remaining interest is required to be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's Designated Beneficiary's remaining life expectancy determined using such Designated Beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with paragraph (c) below. If the surviving spouse dies after distributions are required to begin, any remaining interest is required to be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.
  - (c) If there is no Designated Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the entire interest is required to be distributed by the end of the calendar year containing the fifth anniversary of the Client's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph (b) above).
- (d) The amount to be distributed each year under paragraph (a) or (b) is the quotient obtained by dividing the value of the IRA, as of the end of the preceding year, by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A-1. If distributions are being made to a surviving spouse as the sole Designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's age in the year specified in paragraph (a) or (b) and reduced by 1 for each subsequent year.
- 6.5 The "value" of the IRA includes the amount of any outstanding rollover, transfer, and recharacterization under Treasury Regulation Section 1.408-8 Q&As 7 and 8.
- 6.6 A Client's surviving spouse who is the sole Designated Beneficiary of this IRA may elect to treat this IRA as his or her own IRA by redesignating this IRA (in accordance with the procedures established by the Custodian) as an IRA in the name of such surviving spouse (rather than as a Beneficiary of the Client). A surviving spouse of a deceased Client will also be deemed to make that election by either contributing any amount to the IRA or by failing to cause the distribution to the surviving spouse as Beneficiary of the amount required to be distributed pursuant to this Article VI following the death of the Client within the time period required therein. A surviving spouse who makes that election will thereafter be deemed to be the Client hereunder.
- 6.7 The Beneficiary must notify the Custodian (in a manner acceptable to the Custodian) of any election desired to be made by the Beneficiary hereunder, including an election to establish separate accounts with respect to this IRA. The Custodian shall have no duty, obligation or responsibility to notify the Beneficiary as to the Beneficiary's obligations hereunder, nor shall the Custodian have any obligation or responsibility to determine the amount that must be distributed from the IRA at any time. The Custodian shall not be liable for any tax or penalty imposed upon the Beneficiary if the Beneficiary fails to receive any distribution, or the requisite minimum distribution from his or her account. For purposes of Sections 6.3 and 6.4, a Beneficiary may aggregate IRAs for purposes of the required minimum distribution rules in accordance with Treasury Regulation Section 1.408-8 Q&A 9.
- 6.8 Regardless of any other provision of this Agreement (or any other instruction received, such as a beneficiary designation), the Custodian shall not be required to make any distribution from this IRA until being so directed on a form provided by, and delivered to, the Custodian for that purpose. The Custodian shall have no duty or responsibility to initiate the making, to calculate the amount of, or see to the application of any distribution from the IRA. In addition to receiving proper instructions from the Client relating to the distribution and being advised of the reason for the distribution, the Custodian may condition any distribution (or any assignment of the IRA) upon the Custodian's receipt of any and all applications, certificates, tax waivers, signature guarantees and other documents (including proof of any legal representative's authority) deemed necessary or advisable by the Custodian, in the Custodian's sole judgment. The Custodian shall have no liability for any loss, tax or penalty incurred by the Client by reason of the Custodian's failure to comply with any instruction for distribution or to establish separate accounts until the Custodian has received all information and documents which it, in its sole judgment, requires. The Client acknowledges that the Custodian shall not be liable for any tax or penalty imposed upon the Client if the Client fails to receive any minimum distribution from the IRA.
- 6.9 The term "Beneficiary" means the person or persons designated as such by the Client in a form acceptable to, and accepted by, the

Custodian. The designation may name persons, estates, trusts or entities to take upon the contingency of survival. However, if the designation does not effectively dispose of the entire IRA as of the time such distribution is to commence, then (effective for clients dying after December 31, 2003) as to the IRA (or any part not effectively disposed of) the term "Beneficiary" shall mean the Client's surviving spouse, then the Client's estate. The form last accepted by the Custodian before the Client's death shall be controlling, whether or not it fully disposes of the entire IRA, and shall revoke all such prior designations. The Beneficiary designated by the Client, following the death of the Client may name a person or persons entitled to receive any assets remaining in the IRA upon the death of the original Beneficiary (the "Successor Beneficiary") who shall be designated by the original Beneficiary in a form acceptable to, and accepted by, the Custodian. If no successor Beneficiary is designated for any of the assets remaining in the IRA upon the death of the original Beneficiary, effective for Beneficiaries dying after December 31, 2003, such remaining assets shall be paid to the surviving spouse, then the estate of (or other appropriate legal representative of, or successor to) the original Beneficiary. Provisions of this Agreement applicable to the Beneficiary shall include, where appropriate, the Successor Beneficiary.

- 6.10 The term "Designated Beneficiary" means a Beneficiary who constitutes a designated beneficiary or beneficiaries as determined in accordance with the rules in Treasury Regulation Section 1.401(a)(9)-4.

#### **ARTICLE VII - Custodial Agreement**

- 7.1 The Client delegates to the Custodian the right to amend this Agreement, whether prospectively or retroactively, provided that no amendment which is intended to take effect retroactively and which materially and adversely affects the Client shall be effective until the expiration of the thirty day period referred to in the succeeding sentence. The Custodian shall give notice to the Client of each such amendment by mail, by including a notice in materials regularly distributed to IRA Clients, or by electronic media, and the Client shall be deemed to have consented thereto unless, within thirty (30) days after such notice is given, the Client either: (i) directs the Custodian to make a total distribution of all of the assets then in the IRA, or (ii) removes the Custodian and appoints a successor in accordance with Article XI hereof. The Custodian shall have the right to deduct from the amount distributed or transferred any unpaid fees or expenses, including without limiting the generality of the foregoing, the annual maintenance fee and any termination or transfer fees (whether or not occasioned by the Client's refusal to consent to any amendment).
- 7.2 In the event that action is required to be taken by the Client to certify its adoption of, or consent to, an amendment to the IRA, the Client agrees to take such action in a timely manner, and upon the request of the Custodian, to confirm or certify its timely action to the Custodian.
- 7.3 If at any time there is no balance in this IRA with the Custodian, then this IRA shall be deemed terminated as of the first date there is no balance in the IRA.
- 7.4 The Client and the Custodian agree that the Custodian has the absolute right to amend, revise or substitute fee schedules identified or referred to in the Disclosure Statement, and no amendment, revision or substitution of a fee schedule shall be deemed an amendment of this Agreement.

#### **ARTICLE VIII - Administration of the IRA**

- 8.1 The Custodian shall be responsible only for carrying out the responsibilities specifically set forth herein and no others. In performing the responsibilities set forth herein, the Client agrees that the Custodian shall not be liable to the Client for any loss, liability, cost or expense incurred by the Client as a result of any act of commission or omission by the Custodian in performing the responsibilities set forth herein, except as a result of gross negligence or willful misconduct by the Custodian. In its discretion, the Custodian may delegate to one or more agents the responsibility to carry out any of its responsibilities, may compensate such agents for expenses attendant to those

responsibilities, and the Client agrees that the Custodian shall not be liable for any act or omission of any agent (whether or not constituting gross negligence or willful misconduct) to whom it has delegated any such responsibility.

- 8.2 The parties do not intend that the Custodian shall have any discretionary authority or control or otherwise assume any fiduciary duties and none shall be implied. The Custodian shall not be liable for (nor assume any responsibility for) the deductibility of any contribution or the propriety of any contributions under this Agreement, or the purpose or propriety of any distribution ordered in accordance with Article VI, which matters are the sole responsibility of Client.
- 8.3 The Custodian shall deliver, or cause to be delivered, to the Client all annuity policies, prospectuses, annual reports, proxies and proxy soliciting materials actually received by the Custodian involving assets in the IRA. The Custodian shall not have any responsibility to vote any shares of stock or take any other action, grant any consents or waivers, exercise any conversion privileges or otherwise take any action permitted to be taken with respect to any asset in the IRA, unless otherwise agreed to in writing.
- 8.4 The Custodian may conclusively rely upon, and shall be protected in acting upon, any written, oral or electronic order from the Client or any notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed, so long as it acts in good faith in taking or omitting to take any action in reliance thereon. If any such directions are not received as required or, if received, are unclear in the sole opinion of the Custodian, the Custodian may delay complying with such instructions, without liability for any loss caused by any delay, pending receipt of such instructions or clarification as the Custodian considers appropriate.

In the event the Custodian receives any conflicting claims to some or all of the assets in the IRA (including any claim inconsistent with the then designation of Beneficiaries), the Custodian may, at its discretion and without liability to any person by reason of taking any permitted action, (i) hold some or all of the assets in the IRA until it receives evidence satisfactory to the Custodian that ownership has been resolved, or (ii) deposit some or all of the assets in the IRA into the registry or custody of any court of competent jurisdiction together with any such legal pleadings as the Custodian may deem appropriate (charging the IRA for any costs or expenses, including attorney's fees and disbursements, incurred in connection therewith).

#### **ARTICLE IX - Reports and Tax Filings**

- 9.1 The Client agrees to promptly provide to the Custodian such information at such time and in such manner as may be necessary or helpful for the Custodian to prepare or file any reports pursuant to Section 408(i) of the Code and the Treasury Regulations thereunder.
- 9.2 The Custodian agrees to prepare and furnish annual calendar-year reports relating to the status of the IRA, including any contributions to, and distributions from (including information concerning required minimum distributions), the IRA as required by the Code and the Commissioner of Internal Revenue.
- 9.3 Client shall prepare and submit (or if such return or report requires the signature of the Custodian, shall submit such return or report to the Custodian at least 10 days in advance of the due date thereof and accompanied by a stamped addressed envelope) any other return or report required or advisable under the Code by reason of any investment in the IRA, including, without limiting the generality of the foregoing, any return or report required as a result of: (i) realizing any gross income from any unrelated trade or business or unrelated debt financed income; (ii) the occurrence of a windfall

profits tax; or (iii) any other return or report necessary to obtain any credit or refund of tax previously paid.

#### **ARTICLE X - IRA Fees and Expenses**

- 10.1 The Custodian, for its service as the Custodian of the IRA, shall receive the various fees identified or referred to in the Disclosure Statement, which fees the Custodian reserves the absolute right to revise at any time or from time to time, subject only to the notice period provided in the Disclosure Statement. Further, the Custodian shall receive such additional fees or compensation for additional or extraordinary services either deemed by the Custodian to be necessary to conserve the assets of the IRA or requested by the Client, plus, in either case, reimbursement for all out-of-pocket expenses incurred in connection therewith.
- 10.2 The Custodian shall also receive such fees and compensation for effecting or executing securities transactions on behalf of the IRA and for such other broker-dealer services in connection therewith as requested by the Client, all of which shall be charged to the IRA.
- 10.3 Any income, gift, estate, unrelated business or inheritance taxes and other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the IRA, that may be levied or assessed in respect of such assets, as well as any interest thereon and penalties with respect thereto, shall be charged to the IRA.
- 10.4 Any fees and other administrative expenses chargeable to the IRA may be paid directly by the Client (to the extent the payment of such amount is not required to be treated as a contribution) or may be charged to the IRA, as the Client elects. In the absence of instructions from the Client as to the payment of such amounts or in the event of a failure by the Client to pay such amounts when due, the Client hereby authorizes Custodian to deduct such amounts from the IRA, first from any uninvested cash and then by liquidating any shares of a money market fund or other money-market type fund held in the IRA.

If any fees or other administrative expenses remain unpaid, the Custodian will first give notice to the Client requesting the Client to instruct the Custodian as to which assets should be sold to permit the payment of such fees or other administrative expenses. If the Client does not furnish instructions to the Custodian within ten (10) days after such notice is given, then the Custodian may sell investments in the IRA sufficient to pay such amounts first from any publicly-traded securities in the IRA; and then any other assets in the IRA, and if there is more than one investment, the Custodian shall sell the last investment purchased, with any additional liquidation being done in reverse order of the date of purchase. The Custodian may sell any publicly traded securities or assets on any securities exchange, or in any over-the-counter or privately-negotiated transaction, the sole objective being to permit the prompt liquidation of the investment. The Custodian shall not be liable to the Client for any loss incurred or profit denied by reason of such sale, nor shall the Custodian be liable for any claim with respect to the timing of any sale. The Custodian shall be entitled to deduct any fees and expenses in connection with such sale, including the Custodian's fees and expenses for effecting or executing such sale. The Custodian's failure to promptly sell any assets of, or promptly deduct any amounts from, the IRA for any fees or expenses shall not constitute a waiver of such fees or expenses.

- 10.5 The Client shall indemnify the Custodian and hold the Custodian harmless from and against any and all loss, liability, cost or expense (including attorneys' fees and disbursements): (i) incurred by or asserted against the Custodian by reason of the Custodian serving as Custodian of this IRA, except those which arise due solely to the Custodian's gross negligence or willful misconduct; (ii) with respect to the acquisition, holding or disposition of any investment, or (iii) the making or failing to make any distribution. The Custodian shall not be obligated or expected to commence or defend any legal action or proceeding in connection with the IRA unless agreed upon by the Custodian and the

Client, and unless the Custodian is fully indemnified to its satisfaction for so doing.

#### **ARTICLE XI - Resignation or Removal of the Custodian**

- 11.1 Upon thirty (30) days' prior notice to the Custodian (or such shorter period as is accepted by the Custodian), the Client may remove the Custodian as the custodian of this IRA. The Client's notice to the Custodian must identify the successor custodian.

The Custodian may resign at any time upon thirty (30) days' notice to the Client. The Custodian shall resign and substitute another custodian if the Custodian receives notice from the Commissioner of Internal Revenue that such substitution is required because it has failed to comply with the requirements of Section 1.408-2(e) of the Income Tax Regulations. Except as required above, upon its resignation, the Custodian may, but shall not be required to, appoint a qualifying successor custodian. If the Custodian upon its resignation appoints a successor and the Custodian does not receive from the Client within thirty (30) days of its resignation written notice from the Client that the Client rejects the designated successor, then the Client will be deemed to have ratified, confirmed and accepted the Custodian's appointed successor.

If the Custodian resigns without appointing a successor, or if the Client rejects a successor appointed by the Custodian, the Client shall appoint a successor custodian within thirty (30) days of the Custodian's resignation. Failure to appoint a successor custodian in the required time shall result in the termination of the IRA and distribution of the assets in the IRA.

Notwithstanding the transfer of the assets of the IRA to a successor custodian or the distribution of the assets of the IRA upon termination of the IRA, the Client (and the IRA) shall remain liable for payment in full of all of the fees and other administrative charges and any expenses then due and payable or which become due and payable as a result of, upon or following any transfer or distribution of the assets of the IRA described in Article X.

- 11.2 To qualify, a successor custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury pursuant to Section 1.408-2(e) of the Income Tax Regulations. The Client represents and warrants that any successor custodian appointed by the Client is qualified to act as a custodian of this IRA. Upon receipt by the Custodian of notice (whether written or electronic) of the appointment by the Client of a successor custodian, the Custodian shall transfer and pay over to such successor the assets of the IRA. Notwithstanding the foregoing, the Custodian is authorized to reserve such sum of money or other property as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities actually or potentially constituting a charge on or against the assets of the IRA or on or against the Custodian. Any balance of such reserve remaining after the payment of all such items is to be paid over to the successor custodian.
- 11.3 The Custodian shall not be liable for the acts or omissions of any successor custodian, even if such successor custodian has been appointed by the Custodian.

#### **ARTICLE XII - Termination of the IRA**

- 12.1 The Custodian may terminate the IRA if within thirty (30) days after the resignation or removal of the Custodian, no custodian has been appointed as successor custodian or the successor custodian appointed by the Client fails or refuses to accept any asset in the IRA transferred by the Custodian to such successor custodian. To effectuate the termination of the IRA, the Custodian shall distribute any assets remaining in the IRA in a lump-sum in cash or in kind to the Client, subject to the Custodian's right to reserve funds as provided in Section 11.2.

- 12.2 The termination of the IRA shall not terminate the Client's obligations, representations or agreements nor the Custodian's rights or remedies, including the Client's obligation in Section 10.5 hereof to indemnify the Custodian. The Custodian's obligations under this Agreement shall terminate upon termination of this IRA, and upon delivery or distribution of any assets in the IRA to, or upon order of, the Client, the Custodian shall be relieved from all further liability under this Agreement with respect to the assets so delivered or distributed.
- 12.3 This IRA may be revoked at any time within seven (7) days after the date on which the Client received the initial Disclosure Statement (including the Disclosure Statement in connection with a predecessor individual retirement arrangement); an IRA which is established more than seven (7) days after the date of the receipt of the initial Disclosure Statement may not be revoked. A Client who wishes to revoke the IRA in accordance with the foregoing may do so by mailing or delivering a written revocation, or a revocation by electronic media if permitted by applicable law, to the Custodian at the address which appears at the end of the Disclosure Statement. Mailed notice will be deemed given on the date that it is postmarked (or, if sent by certified or registered mail, on the date of certification or registration), or if given by electronic media, the electronic postmark. In the event that the Client decides to revoke the IRA and does so within such seven-day period, the Client is entitled to a return of the entire amount of the consideration paid by the Client into the IRA, without adjustment for such items as brokerage commissions and fees, administrative expenses or fluctuations in market value.
- ARTICLE XIII - Miscellaneous**
- 13.1 "UBS Financial Services Inc.," shall mean UBS Financial Services Inc., a Delaware corporation, and any successor corporation by merger, consolidation or liquidation, as well as any other entity to which UBS Financial Services Inc. has transferred all or a substantial portion of its retail brokerage business.
- 13.2 If UBS Financial Services Inc., is a party to any other agreement with the Client, nothing contained herein shall be construed to diminish, reduce or eliminate any rights which UBS Financial Services Inc., may have under this Agreement nor shall anything in this Agreement be construed to diminish, reduce or eliminate any obligations of the Client under any such other agreement. To the extent not inconsistent herewith, all of the terms and provisions of UBS Financial Services Inc., Master Account Agreement and Important Account Information and Disclosures booklet (and any successors to such documents) are incorporated herein by reference.
- 13.3 Any notice to the Client pursuant to this Agreement shall be deemed given upon mailing to the Client (by any class of mail) at the last address of the Client appearing on the records of the Custodian or upon the date of transfer by electronic means to the Client if such electronic transfer is permitted by applicable law. Any notice given by the Custodian may be given separately, may be included with any brokerage account statement mailed or sent (either by hard copy or by electronic media, if permitted by applicable law) to the Client or may be included in any announcement in any periodic communication to Clients of the Custodian.
- 13.4 Client shall not have the right or power to anticipate any part of the IRA or to sell, assign, transfer, pledge or hypothecate any part thereof. The IRA shall not be liable for the debts of the Client or subject to any seizure, attachment, execution or other legal process in respect thereof, except as provided by law. At no time shall it be possible for any part of the income or assets of the IRA to be used for, or diverted to, purposes other than for the exclusive benefit of the Client.
- 13.5 This Agreement shall be construed and administered in accordance with the laws of the State of New York, without regard to the choice of law principles thereof.
- 13.6 This Agreement is intended to qualify as an individual retirement plan as defined in Section 7701(a)(37) of the Code and, if this IRA is designated as a Traditional IRA in the Adoption Agreement, to entitle the Client to the retirement savings deduction provided under Section 219 of the Code if the Client is eligible. If any provisions of this Agreement are subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with that intent.
- 13.7 The Code and the Treasury Regulations thereunder contain numerous complex and technical rules relating to individual retirement accounts, including, but not limited to, rules as to the deductibility of contributions to an individual retirement account, early distributions, required minimum distributions, rollovers, prohibited transactions and the removal of excess contributions. The Custodian has advised the Client that if the Client has any questions as to the treatment of any transaction involving the Client's IRA under the Code and the Treasury Regulations, the application of any State or local income tax laws, or the effect of any other tax, estate, inheritance or property laws, the Client should obtain and rely upon the advice of the Client's personal tax advisor or attorney.

The Client agrees that the Custodian has no responsibility or obligation to advise the Client as to the tax treatment of any transaction or to caution the Client as to any adverse consequences of any transaction involving the IRA. The Client agrees that the Custodian will not be liable to the Client for any income taxes, penalties or other damages of any kind which may result from the Client's failure to follow these technical rules, or any claim of a failure of the Custodian to advise the Client (or of having advised the Client incorrectly) as to the tax treatment of any transaction involving the Client's IRA.

## Disclosure Statement for SIMPLE Retirement Accounts

### A. General Introduction

**SIMPLES.** Certain small employers may establish a savings incentive match plan for employees, called a SIMPLE Plan, in accordance with Section 408(p) of the Internal Revenue Code. If you are eligible to participate in your employer's SIMPLE Plan, your employer is required to notify you and provide you with a summary description of the SIMPLE Plan and your right to make or change salary reduction contribution elections. You may elect to make salary reduction contributions pursuant to the SIMPLE Plan and your employer will contribute either matching or nonelective contributions on your behalf.

All contributions under a SIMPLE Plan can only be made to a type of individual retirement account, referred to as a SIMPLE IRA, and cannot be made to any

other type of IRA. Generally, a SIMPLE IRA is subject to the same rules as govern Traditional IRAs, except that only contributions under a SIMPLE Plan can be made to the SIMPLE IRA and only amounts from a SIMPLE IRA can be rolled over to another SIMPLE IRA.

**Establishing a SIMPLE IRA.** You may establish a SIMPLE IRA with UBS Financial Services Inc. to receive and hold contributions made on your behalf under your employer's SIMPLE Plan by executing a SIMPLE IRA Application and Adoption Agreement.

You may also establish a SIMPLE IRA with UBS Financial Services Inc. by instructing the trustee/custodian of your present SIMPLE IRA to transfer all (or a portion) of the SIMPLE IRA balance to UBS Financial Services Inc. by executing an Account Transfer Form that you can obtain from your Financial Advisor.

**Disclosure Statement.** This Disclosure Statement, which UBS Financial Services Inc. is required to provide to you under Internal Revenue Service ("IRS") regulations, contains only a general description of the requirements and features of SIMPLE IRAs and a summary of the material terms of the Custodial Agreement. A complete copy of the UBS Financial Services Inc. Custodial Agreement for SIMPLE Individual Retirement Accounts referred to in this Disclosure Statement is provided to you with this Disclosure Statement, along with a copy of the Master Account Agreement for IRAs. That Custodial Agreement and the Master Account Agreement are legal agreements between you and UBS Financial Services Inc. and set forth your rights, as well as your obligations. You should carefully review those agreements.

Before deciding to establish your SIMPLE IRA with UBS Financial Services Inc., you should carefully review all applicable commissions, fees and other charges with your Financial Advisor. You may obtain further information regarding a SIMPLE IRA from any District Office of the Internal Revenue Service.

**Legal Requirements.** By law, a SIMPLE IRA is a trust or custodial account created by a written document in the United States for the exclusive benefit of yourself and your beneficiaries, and which meets all of the following requirements: (i) the trustee or custodian must be a bank, a federally insured credit union, a savings and loan association or other person, such as UBS Financial Services Inc., that has been approved by the IRS to act as a trustee or custodian for IRAs; (ii) contributions, except for rollover contributions from another SIMPLE IRA, can only be made in cash and under a SIMPLE Plan; (iii) the entire amount in a SIMPLE IRA is fully vested, i.e., non-forfeitable, at all times; (iv) assets in a SIMPLE IRA cannot be commingled or combined with other property, except in a common trust fund or common investment fund; (v) funds in a SIMPLE IRA cannot be used to buy a life insurance policy; and (vi) distributions from a SIMPLE IRA must start by April 1st of the year following the year you attain age 70½.

This SIMPLE IRA has received an opinion letter from the IRS that this SIMPLE IRA satisfies the applicable requirements for IRAs under Section 408(p)(1) of the Internal Revenue Code. The IRS approval is a determination only as to the form of the SIMPLE IRA and does not represent a determination of the merits of such SIMPLE IRA.

## B. Revocation of this SIMPLE IRA

If you receive this Disclosure Statement at the time you are first establishing your SIMPLE IRA, you may revoke the SIMPLE IRA at any time within seven (7) days after the date on which you receive this Disclosure Statement. If you wish to revoke this SIMPLE IRA within the above time limit, you may do so only by mailing or delivering a written notice of revocation to UBS Financial Services Inc. at the address which appears at the end of this Disclosure Statement. If you mail your notice, the notice will be considered given on the date that it is postmarked if it is mailed by U.S. mail (or if sent by certified or registered mail, the date of certification or registration), first class postage prepaid and is properly addressed to, and in due course is received by, UBS Financial Services Inc.

If you have any questions as to your right to revoke this SIMPLE IRA, please call 1-888-738-1546 during normal business hours.

In the event that you decide to revoke your SIMPLE IRA and do so within such seven-day period, you are entitled to a return of the entire amount of the consideration originally paid by you into your SIMPLE IRA, without adjustment for such items as brokerage commissions or fees, administrative expenses or fluctuations in market value.

## C. Contributions to SIMPLE IRAs

The only contributions which are permitted to be made to a SIMPLE IRA are those made under a SIMPLE Plan, which consist of salary reductions

contributions and either required employer matching or non-elective contributions as provided in the SIMPLE Plan. Salary reduction contributions are the amounts of your compensation that you elect to have contributed by your employer to your SIMPLE IRA rather than having such amounts paid directly to you in cash. Your make your election by executing a salary reduction agreement furnished by your employer. Your employer must contribute these salary reduction contributions on your behalf to your SIMPLE IRA by the close of the 30-day period following the last day of the month with respect to which the contributions are made.

## D. Transfers and Rollovers

A transfer of funds to or from your SIMPLE IRA with one trustee or custodian to a SIMPLE IRA with another trustee or custodian is not a rollover. It is a tax-free transfer and is not affected by the one-year waiting period between rollovers discussed below. You may transfer your SIMPLE IRA to UBS Financial Services Inc. by instructing the trustee/custodian of your present SIMPLE IRA to transfer all (or a portion) of the SIMPLE IRA balance to UBS Financial Services Inc. or by executing a Transfer Form that you can obtain from your Financial Advisor. A transfer incident to divorce is another type of tax-free transfer. Rollovers, which are tax-free movements of money or property, are permitted to a SIMPLE IRA only from another SIMPLE IRA.

The amount in your SIMPLE IRA can be rolled over tax-free to a traditional IRA or a qualified employer plan, a 403(b) tax-sheltered annuity or custodial account or a government-sponsored 457 deferred compensation plan (collectively, these plans are referred to here as "eligible retirement plans") but only after a 2-year period has expired since you first participated in the SIMPLE Plan of your employer (measured from the first date your employer deposited contributions into your SIMPLE IRA). If you rollover an amount in your SIMPLE IRA (other than to another SIMPLE IRA) before the end of that 2-year period, the rollover is treated as a taxable distribution and not a tax-free rollover.

To rollover tax-free all or part of a distribution to you of cash or property from a SIMPLE IRA, you must roll over the distribution within 60 days after the day you receive the distribution. If property is distributed from a SIMPLE IRA, that property, and not the proceeds from its sale, must be rolled over. Generally, you cannot roll over the amount of any distribution that is equal to the required minimum distribution for the year from a SIMPLE IRA.

Finally, if you roll over any part of a distribution from a SIMPLE IRA, then you cannot, within a one-year period starting on the date on which you receive that distribution, roll over any part of another distribution from that SIMPLE IRA. However, a transfer of funds in your SIMPLE IRA directly from one trustee or custodian to another is not a rollover but a tax-free transfer.

## E. Taxation of SIMPLE IRA Distributions

**SIMPLE IRA Distributions.** All amounts distributed to you from a SIMPLE IRA will be includible in your gross income in the tax year that you receive them. These amounts are taxable at ordinary income rates, and neither the special lump-sum distribution provisions nor capital gains treatment is available.

**Early Distribution Penalty Tax.** Since the purpose of a SIMPLE IRA is to accumulate funds for retirement, if you are under age 59½ and receive a distribution from your SIMPLE IRA, the amount distributed would be considered an "early distribution" subject to a 10% early distribution penalty tax. However, if the early distribution occurs during the 2-year period following the date on which you first participated in your employer's SIMPLE Plan (measured from the first date your employer deposited contributions into your SIMPLE IRA), the penalty tax is increased from 10% to 25%. Exceptions to the 10% (or 25%) early distribution penalty tax exist if the distribution is made on account of: (i) unreimbursed medical expenses in excess of 7.5% of your adjusted gross income; (ii) health insurance premiums (but only if you have been unemployed and collecting unemployment compensation under a Federal or state program); (iii) qualified higher education expenses; (iv) a first-time home purchase

(\$10,000 lifetime maximum); (v) death; (vi) disability, (vii) a series of substantially equal periodic payments based upon the life expectancy (or joint life expectancy) of you and your beneficiary; (viii) a timely withdrawal of excess contributions; or (ix) an IRS levy. The 10% (or 25%) early distribution penalty tax is based upon the amount of your distribution which is includible in your income for tax purposes.

## F. Required Minimum Distributions

### Required Minimum Distributions before Death

You must begin, and are responsible for, taking a minimum distribution from your SIMPLE IRA for the year you attain age 70½ and for each year thereafter that you live (including the year in which your death occurs). The first minimum distribution must be taken by the April 1st following the calendar year in which you attain age 70½, although you may take more than this minimum amount. The amount to be distributed each year from your SIMPLE IRA may not be less than the quotient obtained by dividing the value of your SIMPLE IRA as of the preceding December 31st by the distribution period in the IRS's Uniform Lifetime Table, using your age as of your birthday in that year. If your sole Designated Beneficiary (as defined below) is your spouse and your spouse is more than ten years younger than you, the distribution period is determined under the IRS's Joint and Last Survivor Table, using your age and your spouse's age in that year. If the required minimum distribution for any year is not distributed, you will be subject to a penalty tax equal to 50% of the amount that should have been distributed to you but that remained in your SIMPLE IRA.

### Required Minimum Distributions after Death

If your death occurs after you had attained age 70½, the amount in your SIMPLE IRA is required to be distributed to your beneficiary over the longer of either your remaining life expectancy or the remaining life expectancy of your Designated Beneficiary. If your beneficiary is not a Designated Beneficiary, your SIMPLE IRA is required to be distributed over your remaining life expectancy.

If your death occurs before you had attained age 70½, your SIMPLE IRA is required to be distributed to your beneficiary: (i) if your Designated Beneficiary is other than your surviving spouse, over the remaining life expectancy of your Designated Beneficiary or by the end of the calendar year containing the fifth anniversary of your death, if so elected; (ii) if your sole Designated Beneficiary is your surviving spouse, over the remaining life expectancy of your spouse (beginning by the end of the calendar year following the year of your death or by the end of the year you would have attained age 70½ if later) or by the end of the calendar year containing the fifth anniversary of your death, if so elected; and (iii) if you do not have a Designated Beneficiary, by the end of the calendar year containing the fifth anniversary of your death.

### Naming a Beneficiary

Your "beneficiary" means the person or persons designated as such by you during your lifetime on a form acceptable to, and accepted by, UBS Financial Services Inc. The designation may name persons, estates, trusts or entities to take upon the contingency of survival, and you do not need to obtain the consent of any other person to your designation of your beneficiaries. (However, if you reside in a community property State and your spouse is not designated your primary beneficiary as to at least 50% of your SIMPLE IRA assets, your spouse's consent to your beneficiary designation may be necessary for that designation to be effective.) If your beneficiary designation fails to dispose of all of the assets in your SIMPLE IRA as of the time a distribution is to commence after your death, effective if your death occurs after December 31, 2003, your beneficiary will be your surviving spouse, and if you do not have a surviving spouse, your beneficiary will be your estate. The last form accepted by UBS Financial Services Inc. before such distribution is to commence will be controlling, whether or not it disposes of all of the assets in your SIMPLE IRA, and will operate to revoke all such forms previously filed by you.

**Designated Beneficiary.** A "Designated Beneficiary" is any individual who is designated by you as a beneficiary (as described above) who remains as a beneficiary as of the September 30th of the calendar year following the calendar year of your death. In some cases, as permitted by the IRS

Regulations, the individual beneficiary of a trust that is designated by you as a beneficiary can qualify as a "Designated Beneficiary" for purposes of determining the required period for distributions from your SIMPLE IRA. If a beneficiary other than an individual or a qualifying trust is named as your beneficiary, you will be treated as having no "Designated Beneficiary" for purposes of determining the required period for distributions from your SIMPLE IRA.

**Surviving Spouse.** If your surviving spouse is the sole Designated Beneficiary of your SIMPLE IRA, your spouse may elect to treat this SIMPLE IRA as if it were the spouse's own IRA by redesignating the SIMPLE IRA (in accordance with the procedures established by UBS Financial Services Inc.) as an IRA in his or her own name (rather than as a beneficiary IRA). Your surviving spouse will also be deemed to make this election by failing to cause a required minimum distribution to be made within the time period required.

**Successor Beneficiary.** The beneficiaries that you originally designate after your death may name a person or persons (referred to as a successor beneficiary) who would be entitled to receive any assets remaining in the SIMPLE IRA upon the death of that original beneficiary. Your original beneficiary must designate any successor beneficiaries on a form acceptable to, and accepted by, UBS Financial Services Inc. If your original beneficiary's designation fails to dispose of all of the assets remaining in the SIMPLE IRA, those remaining assets will be paid to your beneficiary's surviving spouse, then your beneficiary's estate (for beneficiaries dying after December 31, 2003). The designation of a successor beneficiary will not change the amount of any required minimum distribution, which must still be calculated with respect to your original beneficiary.

### Requesting Distributions

UBS Financial Services Inc. will not make any distribution, including any required minimum distribution, to you or your beneficiary unless you or your beneficiary, as applicable, requests that distribution in accordance with UBS Financial Services Inc.'s procedures. Your beneficiary must furnish UBS Financial Services Inc. with such instruments and documents as UBS Financial Services Inc. requests to establish the beneficiary's right to assets in your SIMPLE IRA, as well as (in a manner acceptable to UBS Financial Services Inc.) any elections desired, including an election to establish separate accounts with respect to the SIMPLE IRA. UBS Financial Services Inc. has no duty, obligation or responsibility to remind you or your beneficiary as to these distribution obligations, nor does UBS Financial Services Inc. have any duty to calculate the amount that must actually be distributed from the SIMPLE IRA at any time. As a result, UBS Financial Services Inc. will not be liable to you or your beneficiary for any tax or penalty imposed for failing to receive any required minimum distribution.

## G. Investment of Contributions

**Investments.** Unless you enter into a separate written contractual arrangement with UBS Financial Services Inc. providing otherwise, you control the investment and reinvestment of the assets in your SIMPLE IRA. Your directions as to the investment of your account are transmitted directly by you (or a person properly authorized by you) to your Financial Advisor, who acts as your agent in carrying out these investment instructions. However, the Internal Revenue Code provides that you may not invest any part of your SIMPLE IRA in life insurance.

Assets of your SIMPLE IRA (including annuity or insurance contracts held in the SIMPLE IRA) will be held by UBS Financial Services Inc. in its name for your benefit.

All contributions to your SIMPLE IRA can be invested and reinvested in marketable securities that are traded by, or obtainable through, UBS Financial Services Inc. either on a recognized exchange, such as the New York or American Stock Exchange, or "over-the-counter" or in shares of open-end regulated investment companies. Also, you may invest your SIMPLE IRA in other investments UBS Financial Services Inc. in its sole discretion agrees to hold pursuant to its policies and procedures then in effect. However, UBS Financial Services Inc. may condition its approval upon allowing a particular investment to be acquired for, or held in, your

SIMPLE IRA upon the receipt of a written agreement from you containing such terms as UBS Financial Services Inc. deems appropriate. Furthermore, UBS Financial Services Inc. reserves the right to revoke its decision to allow any particular investment to be held in your SIMPLE IRA upon notice to you. UBS Financial Services Inc. will have no liability to you if it revokes its decision, and you will be required within 30 days thereafter to instruct UBS Financial Services Inc. to sell, transfer or distribute the particular investment. If you fail to give any such instructions, UBS Financial Services Inc. may distribute the investment to you.

As the income from, and gain or loss on, each investment you select for your SIMPLE IRA will affect the value of the SIMPLE IRA, the growth in value of your SIMPLE IRA cannot be guaranteed or projected.

**Sweep Fund.** You may select a sweep fund (from those available to your SIMPLE IRA) into which uninvested cash balances in your SIMPLE IRA will automatically be invested. If you fail to elect a sweep option, UBS Financial Services Inc. may automatically sweep uninvested cash balances into a sweep option consistent with the other agreements between you and UBS Financial Services Inc. then in effect.

**Collectibles.** You may not invest any part of your SIMPLE IRA in "collectibles," which include artworks, rugs, antiques, metals, gems, stamps, alcoholic beverages or coins, with the exception of certain gold, silver and platinum coins, any coins issued under the laws of any State and certain gold, silver, platinum or palladium bullion if such bullion is in the physical possession of UBS Financial Services Inc. If you invest any part of your SIMPLE IRA in a collectible, the cost of that investment is treated as a distribution from the SIMPLE IRA.

**Prohibited Transactions.** The tax exempt status of your SIMPLE IRA will be revoked if you engage in any "prohibited transaction" described in Section 4975 of the Internal Revenue Code with a "disqualified person," which is defined as including yourself, your beneficiary, certain members of your family and entities (corporations, partnerships, trusts or estates) in which you or they have a substantial interest. Generally, a prohibited transaction involving a SIMPLE IRA is any act or transaction involving self-dealing. Some examples of prohibited transactions are:

1. Selling or leasing of any property between your SIMPLE IRA and a disqualified person.
2. Transferring any property to/from a disqualified person to/from your SIMPLE IRA.
3. Using your SIMPLE IRA or any of its assets to benefit a disqualified person, such as the purchase of a vacation home for yourself.
4. A disqualified person borrowing any money from your SIMPLE IRA or using your SIMPLE IRA as security for a loan to a disqualified person.

If you engage in a prohibited transaction with your SIMPLE IRA, the entire fair market value of your SIMPLE IRA as of the January 1st in which such prohibited transaction takes place is treated as distributed to you. That entire amount is included in your income for income tax purposes and may also be subject to the 10% (or 25%) early distribution penalty tax if you have not yet attained age 59½.

In addition, if you use all or any part of your interest in your SIMPLE IRA as security for a loan to yourself, the portion of your SIMPLE IRA used as security for the loan will be treated as distributed to you and taxed as ordinary income in the year in which the money is borrowed. If you are under age 59½ the amount treated as distributed will also be subject to the 10% (or 25%) early distribution penalty tax.

**Your Investment Responsibilities.** As you control and direct the investment of the assets in your SIMPLE IRA, you are responsible for determining the legal consequences (including the income tax and 10% early distribution penalty tax consequences) of any investment in your SIMPLE IRA. For example, it is your responsibility to determine whether any investment or transaction in or involving your SIMPLE IRA will result in a prohibited transaction or whether an investment constitutes a collectible. UBS Financial Services Inc. does not review your investments, and so UBS Financial Services Inc. has no

responsibility (or liability) for determining, or for advising you of, the consequences of any investment.

## H. Fees and Expenses of the IRA

**Amount of Fees.** Generally, all of the fees applicable to your SIMPLE IRA are described in detail in the accompanying documentation. These fees may be changed upon 30 days' notice to you.

**Paying Fees.** The Annual Maintenance Fee is charged for any calendar year (or portion thereof) during which you have an IRA with UBS Financial Services Inc. You may choose to pay this fee directly or to have it deducted from your IRA. The fee will be charged and deducted automatically from your SIMPLE IRA account annually and the amounts charged will be shown on your brokerage statement.

A transfer/termination fee is also charged when all or substantially all of the assets in your SIMPLE IRA are transferred to a successor custodian or trustee, or distributed to you. However, the termination fees are not charged when the termination of the SIMPLE IRA is attendant to the payment of a total distribution after you reach age 59½, are totally disabled or die.

Fees which are deducted from your SIMPLE IRA will be paid from the cash, sweep option or money market shares in your SIMPLE IRA. If the cash, sweep option or money market shares in your SIMPLE IRA are not sufficient to pay the fees, you authorize UBS Financial Services Inc. to liquidate the last investment purchased in the SIMPLE IRA and apply the proceeds against any unpaid fees then due. Further liquidations, if required, will be done in reverse order of the date of purchase.

**Expenses.** UBS Financial Services Inc. may also charge your SIMPLE IRA for any of its reasonable out-of-pocket costs and an appropriate administrative expense arising from unforeseen situations (such as taxes or penalties imposed upon your SIMPLE IRA or legal expenses incurred in defending claims against, or to resolve the claims of competing beneficiaries for, your SIMPLE IRA), as well as for expenses incurred due to the maintenance of certain investments (for example, for the storage of Eagle coins or the holding of bullion). In most cases, however, UBS Financial Services Inc. will inform you before those expenses are to be incurred.

You will incur normal brokerage commissions or fees on purchases and sales of securities, as well as administrative, distribution and advisory fees that are charged on mutual funds and limited partnership investments as described in the offering materials or prospectuses relating to those investments. These brokerage commissions and fees will be deducted from your SIMPLE IRA and cannot be paid by you directly.

Also, you may incur various fees and costs in connection with your SIMPLE IRA, such as legal fees when UBS Financial Services Inc. requires you to furnish it with a legal opinion as to certain actions you wish to take or instructions you wish to give.

## I. Tax Matters

**Complexity of Tax Rules.** The Internal Revenue Code and the IRS Regulations contain numerous complex and technical rules relating to IRAs, including rules as to early distributions, required minimum distributions, rollovers and prohibited transactions. UBS Financial Services Inc. strongly recommends that if you have any questions as to the tax treatment of any specific transactions involving your SIMPLE IRA, you should obtain and rely upon the advice of your personal tax advisor or attorney.

UBS Financial Services Inc. will not have any liability to you or to your beneficiary for any income taxes, penalty taxes or other damages which may result from you or your beneficiary's failure to follow these technical rules, or failing to advise you (or advising you incorrectly) as to the tax treatment of any transaction involving your SIMPLE IRA. Furthermore, UBS Financial Services Inc. does not assume any responsibility for the taxation

of distributions of any amounts from your SIMPLE IRA. To the extent that any such tax, penalty or damages are incurred, they will be charged against your SIMPLE IRA as an expense.

**Form 1099R.** UBS Financial Services Inc. will report all distributions to the IRS on Form 1099R. This report will include a description of the distribution (e.g., early, normal, etc.). For reporting purposes, a direct transfer of assets to a successor custodian or trustee is not considered a distribution. Whenever you request a distribution, you are required to indicate the reason for that distribution on the request form, as well as any exceptions which may apply to the 10% (or 25%) early distribution penalty tax.

**Form 5498.** UBS Financial Services Inc. will report to the IRS on Form 5498 the amount of any contribution or rollovers made to a SIMPLE IRA during a calendar year, as well as the tax year for which the contribution is made.

**Tax Forms You Must File.** You must file Form 5329 with the IRS for each tax year during which the contribution limits are exceeded, an early distribution subject to the 10% early distribution penalty tax occurs, or less than the required minimum amount is distributed from your SIMPLE IRA.

**Withholding.** Federal income tax will be withheld from the distributions you receive from a SIMPLE IRA unless you elect not to have income tax withheld. In addition, if you reside in a State that requires State income tax to be withheld, distributions from your SIMPLE IRA may also be subject to State income tax withholding, absent any permitted election. Generally, Federal income tax on non-periodic distributions is withheld at a flat 10% rate. If SIMPLE IRA distributions are payable outside the United States, however, special withholding rules will apply. Your election not to have any income tax withheld will not effect your liability for income tax on the taxable amount of any distribution.

**Unrelated Business Taxable Income.** The income earned in your SIMPLE IRA is generally exempt from Federal income taxes and will not be taxed until distributed to you unless you make an investment that results in "unrelated business taxable income." Unrelated business taxable income can result, for example, from an investment in a limited partnership interest in a partnership that is debt-financed or that actively conducts a trade or business or as a result of investing in a mutual fund that has REMIC residual interests as assets.

If your SIMPLE IRA derives unrelated business taxable income which for any year exceeds \$1,000, then unrelated business income tax will be due.

**Tax Returns for Your SIMPLE IRA.** If the investments in your SIMPLE IRA generate \$1,000 or more of unrelated business taxable income for any year, a tax return, Form 990-T, Exempt Organization Business Income Tax Return, must be filed. If a Form 990-T is required to be filed, then an employer identification number (EIN) must be obtained from the IRS (applications for an EIN are made by filing Form SS-4 with the IRS) for your SIMPLE IRA. This unrelated business income tax is an expense of your SIMPLE IRA and should be paid from your SIMPLE IRA.

In certain other circumstances, it may be advantageous to file a tax return or a tax claim in order to recover a tax attributable to an investment by your SIMPLE IRA. For example, if certain capital gains taxes are paid by a mutual fund, or a tax is withheld on a dividend from a foreign stock, a refund of that tax may be obtainable by filing an appropriate claim. You are responsible for determining whenever the filing of a tax return or tax claim as a result of an investment in your SIMPLE IRA is required or advantageous, and it is your responsibility to have the tax return or tax claim prepared at your expense (other than a return for a refund with respect to an investment in a regulated investment company or real estate investment trust). For example, if one or more investments in your SIMPLE IRA generate over \$1,000 of unrelated business taxable income for any year, you are required to arrange for the preparation of IRS Form 990-T (as well as any required State or local tax returns). Any tax, penalties or interest that may be assessed against your SIMPLE IRA or UBS Financial Services Inc. in its capacity as custodian of your SIMPLE IRA as a result of your failure to timely file any tax return will be charged as an expense of your SIMPLE IRA.

Also, if any tax return or tax claim relating to your SIMPLE IRA requires the signature of UBS Financial Services Inc. as custodian of your SIMPLE IRA you should arrange to have the original and one copy of the required return or claim delivered to your Financial Advisor at least two weeks before the date that tax return or tax claim is due, accompanied by a stamped envelope addressed to the taxing authority to which you wish the return or claim mailed. However, UBS Financial Services Inc. will not be reviewing any tax return or tax claim to determine whether it is complete or correct. If any tax is to be paid with any tax return, you should also provide your Financial Advisor with instructions regarding such payment. Any refunds of tax obtained as a result of the filing of any tax refund claim will be credited to your SIMPLE IRA when received by UBS Financial Services Inc.

**Saver's Tax Credit.** Eligible individuals may receive a "Saver's Tax Credit" for contributions to a SIMPLE IRA. The credit (which is in addition to any tax deduction) is limited to a percentage (between 50% and 10% depending on your income and filing status) of your SIMPLE IRA contribution up to a maximum of \$2,000 for each taxable year, and may not exceed \$1,000 for a year. This SIMPLE IRA contribution amount is reduced by certain SIMPLE IRA distributions made during the year. The credit is based upon your income, and is available for joint filers with income less than or equal to \$50,000, for heads of household with income less than or equal to \$37,500 and for all other filers with income less than or equal to \$25,000. The credit is available only to individuals age 18 and older who are not students and who are not individuals for whom a dependency exemption is allowed to another taxpayer. The Saver's Tax Credit will expire for tax years beginning after December 31, 2006.

#### J. Termination of SIMPLE IRA

You may terminate this SIMPLE IRA at any time by sending a written notice of such termination, which must be signed by you and must include the UBS Financial Services Inc. account number of your SIMPLE IRA, to:

Retirement Services - Manager  
UBS Financial Services Inc.  
1200 Harbor Blvd. - 6th Fl.  
Weehawken, NJ 07086-6791

The termination of your SIMPLE IRA will not terminate any of your obligations under the Custodial Agreement or the Master Account Agreement, including your obligation for the payment of fees. Your SIMPLE IRA will also terminate upon the date when all of the assets in your SIMPLE IRA have been distributed or transferred. If you transfer your SIMPLE IRA to another custodian and that custodian fails or refuses to accept any asset in your SIMPLE IRA (such as non-traded stocks or partnership interests), then UBS Financial Services Inc. will distribute those assets directly to you, and you may be liable for income and penalty taxes on that distribution.

UBS Financial Services Inc. may resign as the custodian of your SIMPLE IRA upon 30 days' prior written notice to you. If UBS Financial Services Inc. appoints a successor custodian upon its resignation, you will be treated as accepting the successor custodian's appointment unless you notify UBS Financial Services Inc. within 30-days of being notified of UBS Financial Services Inc.'s resignation that you reject the appointment of that successor. If UBS Financial Services Inc. does not appoint a successor custodian or you reject the successor appointed by UBS Financial Services Inc., then you must appoint a successor custodian for your SIMPLE IRA within that 30-day period. If you fail to appoint a successor custodian within such 30-day period, UBS Financial Services Inc. may distribute the balance in your SIMPLE IRA to you, and you may be liable for income and penalty taxes on that distribution.

If you remove UBS Financial Services Inc. as custodian of your SIMPLE IRA or transfer your SIMPLE IRA for any reason, UBS Financial Services Inc. may deduct and withhold from the amount being distributed or transferred any unpaid fees and administrative expenses, as well as the fees attributable to any transfer or distribution.



## Custodial Agreement for SIMPLE Retirement Accounts

The Client named in the Adoption Agreement desires to establish or continue a SIMPLE retirement account (a "SIMPLE IRA"), as defined in Section 408(p) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Client has designated this SIMPLE IRA in the Adoption Agreement as a SIMPLE IRA.

UBS Financial Services Inc., as custodian (the "Custodian"), has given the Client the Disclosure Statement as required under Section 408(i) of the Code. The Client acknowledges having received and read the Disclosure Statement and all of the documents referred to in the Disclosure Statement.

The Client and the Custodian, by execution of the Adoption Agreement made a part hereof, agree as follows:

### ARTICLE I - Contribution Limit

- 1.1 Except in the case of a rollover or a transfer of assets from another SIMPLE IRA of the Client, the only contributions to this SIMPLE IRA which are allowed are cash contributions under a qualified salary reduction arrangement as described in Section 408(p)(2) of the Code.

### ARTICLE II - Exclusive Benefit and Nonforfeitable Interest

- 2.1 The SIMPLE IRA is established for the exclusive benefit of the Client or his or her Beneficiaries.
- 2.2 The Client's interest in the balance in the SIMPLE IRA is nonforfeitable at all times.

### ARTICLE III - Investments

- 3.1 Unless agreed to in a separate written contractual arrangement with UBS Financial Services Inc. providing otherwise, the Client shall direct the investments in the SIMPLE IRA. Such investments may be made in:
- (a) marketable securities that are traded by, or obtainable through, the Custodian either "over-the-counter" or on a recognized exchange;
  - (b) shares of open-ended regulated investment companies;
  - (c) and other investments the Custodian in its sole discretion agrees to hold pursuant to its policies and procedures then in effect.

The Custodian may condition its decision to allow an investment to be held in the SIMPLE IRA upon the receipt of an agreement from the Client containing such terms, conditions and representations and warranties as the Custodian shall determine. The Custodian's decision to permit the holding of any investment in the SIMPLE IRA shall not constitute approval of the investment merits of the investment nor a judgment as to the prudence or advisability of the investment.

The Custodian reserves the absolute right to revoke its decision to permit the holding in the SIMPLE IRA of any investment at any time and for any reason, and the Custodian shall have no liability for any loss, damage or expense suffered or incurred by the Client by reason of the revocation of the Custodian's decision. If the Custodian notifies the Client that it revokes its decision, then within thirty (30) days after such notice is given the Client shall instruct the Custodian as to the liquidation, distribution, transfer or other disposition of the investment to which the revocation of the Custodian's decision applies. If the Client fails to provide the Custodian with instructions within such thirty-day period, the Client shall be deemed to have elected to receive an in-kind distribution of such investment.

- 3.2 No part of the assets in the SIMPLE IRA may be invested in life insurance contracts, nor may the assets in the SIMPLE IRA be commingled with other property except in a common trust fund or common investment fund (within the meaning of Section 408(a)(5) of the Code).

- 3.3 No part of the assets in the SIMPLE IRA may be invested in collectibles (within the meaning of Section 408(m) of the Code).
- 3.4 The Client may select a sweep option (from those available to the SIMPLE IRA) into which uninvested cash balances in the SIMPLE IRA will be invested and reinvested. If a Client fails to elect a sweep option, the Custodian may automatically sweep uninvested cash balances into a sweep option consistent with the other agreements then in effect between the Client and Custodian.
- 3.5 All investments in the SIMPLE IRA shall be made or directed by the Client in such amounts and at such times as the Client (or a person authorized by the Client) shall instruct and shall be made through the facilities of the Custodian. The Custodian shall not have any duty to question the Client's investment instructions or to render any advice to the Client regarding the value of any investment or to make recommendations regarding the advisability of investing in, holding or selling any investment, unless otherwise agreed to in writing by the Custodian. Not having any discretionary authority over the investment of the assets in the SIMPLE IRA or any responsibility for rendering any investment advice with respect to the assets in the SIMPLE IRA, the Client agrees that the Custodian shall not be liable for any loss which may result from the investment of any asset in the SIMPLE IRA.
- 3.6 The Custodian shall effect all investment directions hereunder and execute any purchases and sales of investments for, and on behalf of, the SIMPLE IRA.

The Custodian shall maintain records of any transactions effected by it. The brokerage account maintained in connection herewith shall be in the name of the Custodian for the benefit of the Client. All assets of the SIMPLE IRA (including annuity or insurance contracts held in the SIMPLE IRA) shall be registered in the name of the Custodian or of a nominee (and the same nominee may be used with respect to assets of other investors whether or not held under agreements similar to this one or in any fiduciary capacity whatsoever); provided however, that the Custodian may hold any security in bearer form or by or through a central clearing corporation maintained by institutions active in the national securities markets.

- 3.7 The Client shall have the sole responsibility to determine whether the acquisition, holding or disposition of any asset in the SIMPLE IRA (a) complies with the limitations applicable to investments by individual retirement accounts, including, without limiting the generality of the foregoing, the limitations contained in Sections 3.2 and 3.3 hereof, or (b) is a "prohibited transaction" under Section 4975 of the Code. The Client warrants that any investment or other instructions given to the Custodian will comply with such limitations and will not constitute a prohibited transaction. The Custodian shall have no liability to the Client for any tax, penalty, loss or liability as a result of failure to comply with such rules.

### ARTICLE IV - Contributions

- 4.1 The Custodian may accept contributions from or on behalf of the Client, and unless otherwise specified by the Client, the Custodian shall assume that all contributions received are attributable to the taxable year in which they are received by the Custodian.

### ARTICLE V - Distributions

- 5.1 (a) Notwithstanding any provision of this SIMPLE IRA to the contrary, the Client acknowledges that he or she is required to ensure that the distribution of his or her interest in the SIMPLE IRA is made in accordance with the requirements under Section 408(a)(6) of the Code and the Treasury Regulations thereunder, the provisions of

which are herein incorporated by reference. If distributions are made from an annuity contract purchased from an insurance company, distributions thereunder must satisfy the requirements of Temporary Treasury Regulation Section 1.401(a)(9)-6T Q&A 4, rather than paragraphs (b), (c) and (d) below and Sections 5.2, 5.3, 5.4 and 5.5, as applicable.

- (b) Client acknowledges that the Client is responsible for ensuring that the entire interest in all individual retirement accounts (including this SIMPLE IRA) (other than an IRA established under Section 408A of the Code) must begin to be distributed by the April 1st following the end of the calendar year in which the Client attains age 70½ (the "Required Beginning Date") over the life of the Client or the lives of the Client and his or her Designated Beneficiary. For purposes of this section 5.1, all of the Client's IRAs, including this SIMPLE IRA, shall be treated as a single IRA and the required minimum distributions calculated for this SIMPLE IRA may be withdrawn from another IRA of the Client in accordance with Treasury Regulation Section 1.408-8 Q&A 9, as determined by the Client.
  - (c) The amount to be distributed each year, beginning with the calendar year in which the Client attains age 70½ and continuing through the year of death, shall not be less than the quotient obtained by dividing the value of the SIMPLE IRA (as determined under Section 5.4) as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A 2, using the Client's age as of his or her birthday in the year. However, if the Client's sole Designated Beneficiary is his or her surviving spouse and such spouse is more than 10 years younger than the Client, then the distribution period is determined under the Joint and Last Survivor Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A 3, using the ages of the Client's and spouse's birthdays in the year.
  - (d) The required minimum distribution for the year the individual attains age 70½ can be made as late as April 1st of the following year. The required minimum distribution for any other year must be made by the end of such year.
- 5.2 If the Client dies on or after the Required Beginning Date, the remaining portion of his or her interest in this SIMPLE IRA is required to be distributed at least as rapidly as follows:
- (a) If the Designated Beneficiary is someone other than the Client's surviving spouse, the remaining interest is required to be distributed over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the Beneficiary's age as of his or her birthday in the year following the year of the Client's death, or over the period described in paragraph (c) below if longer.
  - (b) If the Client's sole Designated Beneficiary is the Client's surviving spouse, the remaining interest is required to be distributed over such spouse's life or over the period described in paragraph (c) below if longer. Any interest remaining after such spouse's death is required to be distributed over such spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death, or, if the distributions are being made over the period described in paragraph (c) below, over such period.
  - (c) If there is no Designated Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the remaining interest is required to be distributed over the Client's remaining life expectancy determined in the year of the Client's death.
  - (d) The amount required to be distributed each year under paragraph (a), (b) or (c), beginning with the calendar year following the calendar year of the Client's death, is the quotient obtained by dividing the value of the SIMPLE IRA as of the end of the

preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A-1.

- (e) If distributions are being made to a surviving spouse as the sole Designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's or Client's age in the year specified in paragraph (a), (b) or (c) and reduced by 1 for each subsequent year.
- 5.3 If the Client dies before the Required Beginning Date, his or her entire interest is required to be distributed at least as rapidly as follows:
- (a) If the Designated Beneficiary is someone other than the Client's surviving spouse, the entire interest is required to be distributed, starting by the end of the calendar year following the calendar year of the Client's death, over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the age of the Beneficiary as of his or her birthday in the year following the year of the Client's death, or, if elected, in accordance with paragraph (c) below.
  - (b) If the Client's sole Designated Beneficiary is the Client's surviving spouse, the entire interest is required to be distributed, starting by the end of the calendar year following the calendar year of the Client's death (or by the end of the calendar year in which the Client would have attained age 70½, if later), over such spouse's life, or, if elected, in accordance with paragraph (c) below. If the surviving spouse dies before distributions are required to begin, the remaining interest is required to be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's Designated Beneficiary's remaining life expectancy determined using such Designated Beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, is required to be distributed in accordance with paragraph (c) below. If the surviving spouse dies after distributions are required to begin, any remaining interest is required to be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.
  - (c) If there is no Designated Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the entire interest is required to be distributed by the end of the calendar year containing the fifth anniversary of the Client's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph (b) above).
  - (d) The amount to be distributed each year under paragraph (a) or (b) is the quotient obtained by dividing the value of the SIMPLE IRA as of the end of the preceding year by the remaining life expectancy specified in such paragraph. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A-1. If distributions are being made to a surviving spouse as the sole Designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's age in the year specified in paragraph (a) or (b) and reduced by 1 for each subsequent year.
- 5.4 The "value" of the SIMPLE IRA includes the amount of any outstanding rollover, transfer and recharacterization under Treasury Regulation Section 1.408-8 Q&As 7 and 8.

- 5.5 A Client's surviving spouse who is the sole Designated Beneficiary of this SIMPLE IRA may elect to treat this SIMPLE IRA as his or her own SIMPLE IRA by redesignating this SIMPLE IRA (in accordance with the procedures established by the Custodian) as a SIMPLE IRA in the name of such surviving spouse (rather than as a Beneficiary of the Client). A surviving spouse of a deceased Client will also be deemed to make that election by failing to cause the distribution to the surviving spouse as Beneficiary of the amount required to be distributed pursuant to this Article V following the death of the Client within the time period required. A surviving spouse who makes that election will thereafter be deemed to be the Client hereunder.
- 5.6 The Beneficiary must notify the Custodian (in a manner acceptable to the Custodian) of any election desired to be made by the Beneficiary hereunder, including an election to establish separate accounts with respect to this SIMPLE IRA. The Custodian shall have no duty, obligation or responsibility to notify the Beneficiary as to the Beneficiary's obligations hereunder, nor shall the Custodian have any obligation or responsibility to determine the amount that must be distributed from the SIMPLE IRA at any time. The Custodian shall not be liable for any tax or penalty imposed upon the Beneficiary if the Beneficiary fails to receive any distribution, or the requisite minimum distribution from his or her account. For purposes of Sections 5.2 and 5.3, a Beneficiary may aggregate IRAs for purposes of the required minimum distribution rules in accordance with Treasury Regulation Section 1.408-8 Q&A 9.
- 5.7 Regardless of any other provision of this Agreement (or any other instruction received, such as a beneficiary designation), the Custodian shall not be required to make any distribution from this SIMPLE IRA unless the Client or the Client's beneficiary, as applicable, requests that distribution in accordance with UBS Financial Services Inc.'s procedures. The Custodian shall have no duty or responsibility to initiate the making, to calculate the amount of, or see to the application of any distribution from the SIMPLE IRA. In addition to receiving proper instructions from the Client relating to the distribution and being advised of the reason for the distribution, the Custodian may condition any distribution (or any assignment of the SIMPLE IRA) upon the Custodian's receipt of any and all applications, certificates, tax waivers, signature guarantees and other documents (including proof of any legal representative's authority) deemed necessary or advisable by the Custodian, in the Custodian's sole judgment. The Custodian shall have no liability for any loss, tax or penalty incurred by the Client by reason of the Custodian's failure to comply with any instruction for distribution or to establish separate accounts until the Custodian has received all information and documents which it, in its sole judgment, requires. The Client acknowledges that the Custodian shall not be liable for any tax or penalty imposed upon the Client if the Client fails to receive any minimum distribution from the SIMPLE IRA.
- 5.8 The term "Beneficiary" means the person or persons designated as such by the Client in a form acceptable to, and accepted by, the Custodian. The designation may name persons, estates, trusts or entities to take upon the contingency of survival. However, if the designation does not effectively dispose of the entire SIMPLE IRA as of the time such distribution is to commence, then (effective for clients dying after December 31, 2003) as to the SIMPLE IRA (or any part not effectively disposed of) the term "Beneficiary" shall mean the Client's surviving spouse, then the Client's estate. The form last accepted by the Custodian before the Client's death shall be controlling, whether or not it fully disposes of the entire SIMPLE IRA, and shall revoke all such prior designations. The Beneficiary designated by the Client, following the death of the Client, may name a person or persons entitled to receive any assets remaining in the SIMPLE IRA upon the death of the original Beneficiary (the "Successor Beneficiary") who shall be designated by the original Beneficiary in a form acceptable to, and accepted by, the Custodian. If no successor Beneficiary is designated for any of the assets remaining in the SIMPLE IRA upon the death of the original Beneficiary, effective for beneficiaries dying after December 31, 2003, such remaining assets shall be paid to the surviving spouse, then to the estate of (or other appropriate legal representative of, or successor to) the original Beneficiary. Provisions of this Agreement applicable to the Beneficiary shall include, where appropriate, the Successor Beneficiary.
- 5.9 The term "Designated Beneficiary" means a Beneficiary who constitutes a designated beneficiary or beneficiaries as determined in accordance with the rules in Treasury Regulation Section 1.401(a)(9)-4.
- 5.10 If during a taxable year the Client contributes an amount that exceeds the amount which may be contributed by the Client for such year, then the Client shall notify the Custodian in writing that an excess contribution has been made, stating the reason therefore, the taxable year of the Client to which the excess relates and the amount of the excess (together with earnings attributable thereto if necessary), and the Custodian shall distribute to the Client in an amount of cash, or property with a fair market value at the time of distribution, equal to the sum of such excess and the earnings attributable thereto if required. Any excess contributions that arise and that do not exceed the maximum amount which may be contributed under Section 219 of the Code may be treated by the Client as a contribution in the then current or a succeeding taxable year instead of being so distributed; provided, however, that in such event, the Client may still be liable for taxes and penalties between the year in which the excess contribution was actually made and the year in which such amount is subsequently treated as having been contributed.
- 5.11 Prior to the expiration of the two-year period beginning on the date the Client first participated in any SIMPLE IRA plan maintained by the Client's employer, any rollover or transfer by the Client of funds from this SIMPLE IRA must be made to another SIMPLE IRA of the Client. Any distribution of funds to the Client during this two-year period may be subject to a twenty-five percent (25%) additional tax if the Client does not roll over the amount of the distribution into a SIMPLE IRA. After the expiration of this two-year period, the Client may roll over or transfer funds to any IRA of the Client that is qualified under Sections 408(a), (b) or (p) of the Code, or to another eligible retirement plan described in Section 402(c)(8)(B) of the Code.

#### **ARTICLE VI - Custodial Agreement**

- 6.1 The Client delegates to the Custodian the right to amend this Agreement, whether prospectively or retroactively, provided that no amendment which is intended to take effect retroactively and which materially and adversely affects the Client shall be effective until the expiration of the thirty day period referred to in the succeeding sentence. The Custodian shall give notice to the Client of each such amendment by mail, by including a notice in materials regularly distributed to IRA Clients, or by electronic media, and the Client shall be deemed to have consented thereto unless, within thirty (30) days after such notice is given, the Client either: (i) directs the Custodian to make a total distribution of all of the assets then in the SIMPLE IRA, or (ii) removes the Custodian and appoints a successor in accordance with Article X hereof. The Custodian shall have the right to deduct from the amount distributed or transferred any unpaid fees or expenses, including without limiting the generality of the foregoing, the annual maintenance fee and any termination or transfer fees (whether or not occasioned by the Client's refusal to consent to any amendment).
- 6.2 In the event that action is required to be taken by the Client to certify its adoption of, or consent to, an amendment to the SIMPLE IRA, the Client agrees to take such action in a timely manner, and upon the request of the Custodian, to confirm or certify its timely action to the Custodian.
- 6.3 If at any time there is no balance in this SIMPLE IRA with the Custodian, then this SIMPLE IRA shall be deemed terminated as of the first date there is no balance in the SIMPLE IRA.

- 6.4 The Client and the Custodian agree that the Custodian has the absolute right to amend, revise or substitute fee schedules identified or referred to in the Disclosure Statement, and no amendment, revision or substitution of a fee schedule shall be deemed an amendment of this Agreement.

#### **ARTICLE VII - Administration of the SIMPLE IRA**

- 7.1 The Custodian shall be responsible only for carrying out the responsibilities specifically set forth herein and no others. In performing the responsibilities set forth herein, the Client agrees that the Custodian shall not be liable to the Client for any loss, liability, cost or expense incurred by the Client as a result of any act of commission or omission by the Custodian in performing the responsibilities set forth herein, except as a result of gross negligence or willful misconduct by the Custodian. In its discretion, the Custodian may delegate to one or more agents the responsibility to carry out any of its responsibilities, may compensate such agents for expenses attendant to those responsibilities, and the Client agrees that the Custodian shall not be liable for any act or omission of any agent (whether or not constituting gross negligence or willful misconduct) to whom it has delegated any such responsibility.
- 7.2 The parties do not intend that the Custodian shall have any discretionary authority or control or otherwise assume any fiduciary duties and none shall be implied. The Custodian shall not be liable for (nor assume any responsibility for) the deductibility of any contribution or the propriety of any contributions under this Agreement, or the purpose or propriety of any distribution ordered in accordance with Article V, which matters are the sole responsibility of Client.
- 7.3 The Custodian shall deliver, or cause to be delivered, to the Client all annuity policies, prospectuses, annual reports, proxies and proxy soliciting materials actually received by the Custodian involving assets in the SIMPLE IRA. The Custodian shall not have any responsibility to vote any shares of stock or take any other action, grant any consents or waivers, exercise any conversion privileges or otherwise take any action permitted to be taken with respect to any asset in the SIMPLE IRA, unless otherwise agreed to in writing.
- 7.4 The Custodian may conclusively rely upon, and shall be protected in acting upon, any written, oral or electronic order from the Client or any notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed, so long as it acts in good faith in taking or omitting to take any action in reliance thereon. If any such directions are not received as required or, if received, are unclear in the sole opinion of the Custodian, the Custodian may delay complying with such instructions, without liability for any loss caused by any delay, pending receipt of such instructions or clarification as the Custodian considers appropriate. In the event the Custodian receives any conflicting claims to some or all of the assets in the SIMPLE IRA (including any claim inconsistent with the then designation of Beneficiaries), the Custodian may, at its discretion and without liability to any person by reason of taking any permitted action, (i) hold some or all of the assets in the SIMPLE IRA until it receives evidence satisfactory to the Custodian that ownership has been resolved, or (ii) deposit some or all of the assets in the SIMPLE IRA into the registry or custody of any court of competent jurisdiction together with any such legal pleadings as the Custodian may deem appropriate (charging the SIMPLE IRA for any costs or expenses, including attorney's fees and disbursements, incurred in connection therewith).

#### **ARTICLE VIII - Reports and Tax Filings**

- 8.1 The Client agrees to promptly provide to the Custodian such information at such time and in such manner as may be necessary or helpful for the Custodian to prepare or file any reports pursuant to Section 408(i) of the Code and the Treasury Regulations thereunder.
- 8.2 The Custodian agrees to prepare and furnish annual calendar-year reports relating to the status of the SIMPLE IRA, including any contributions to, and distributions from (including information

concerning required minimum distributions), the SIMPLE IRA as required by the Code and the Commissioner of Internal Revenue. If contributions made on behalf of the Client pursuant to a SIMPLE plan established by the Client's employer under Section 408(p) of the Code are received directly by the Custodian from the employer for any year, the Custodian will provide the employer with the summary description required by Section 408(l)(2)(B) of the Code.

- 8.3 Client shall prepare and submit (or if such return or report requires the signature of the Custodian, shall submit such return or report to the Custodian at least 10 days in advance of the due date thereof and accompanied by a stamped addressed envelope) any other return or report required or advisable under the Code by reason of any investment in the SIMPLE IRA, including, without limiting the generality of the foregoing, any return or report required as a result of (i) realizing any gross income from any unrelated trade or business or unrelated debt financed income; (ii) the occurrence of a windfall profits tax; or (iii) any other return or report necessary to obtain any credit or refund of tax previously paid.

#### **ARTICLE IX - SIMPLE IRA Fees and Expenses**

- 9.1 The Custodian, for its service as the Custodian of the SIMPLE IRA, shall receive the various fees identified or referred to in the Disclosure Statement, which fees the Custodian reserves the absolute right to revise at any time or from time to time, subject only to the notice period provided in the Disclosure Statement. Further, the Custodian shall receive such additional fees or compensation for additional or extraordinary services either deemed by the Custodian to be necessary to conserve the assets of the SIMPLE IRA or requested by the Client, plus, in either case, reimbursement for all out-of-pocket expenses incurred in connection therewith.
- 9.2 The Custodian shall also receive such fees and compensation for effecting or executing securities transactions on behalf of the SIMPLE IRA and for such other broker-dealer services in connection therewith as requested by the Client, all of which shall be charged to the SIMPLE IRA.
- 9.3 Any income, gift, estate, unrelated business or inheritance taxes and other taxes of any kind whatsoever, including transfer taxes incurred in connection with the investment or reinvestment of the assets of the SIMPLE IRA, that may be levied or assessed in respect of such assets, as well as any interest thereon and penalties with respect thereto, shall be charged to the SIMPLE IRA.
- 9.4 Any fees and other administrative expenses chargeable to the SIMPLE IRA may be paid directly by the Client (to the extent the payment of such amount is not required to be treated as a contribution) or may be charged to the SIMPLE IRA, as the Client elects. In the absence of instructions from the Client as to the payment of such amounts or in the event of a failure by the Client to pay such amounts when due, the Client hereby authorizes Custodian to deduct such amounts from the SIMPLE IRA, first from any uninvested cash, then from the sweep option, and finally from any money market shares held in the SIMPLE IRA.

If any fees or other administrative expenses remain unpaid, the Custodian will first give notice to the Client requesting the Client to instruct the Custodian as to which assets should be sold to permit the payment of such fees or other administrative expenses. If the Client does not furnish instructions to the Custodian within ten (10) days after such notice is given, then the Custodian may sell investments in the SIMPLE IRA sufficient to pay such amounts first from any publicly-traded securities in the SIMPLE IRA; and then any other assets in the SIMPLE IRA, and if there is more than one investment, the Custodian shall sell the last investment purchased, with any additional liquidation being done in reverse order of the date of purchase. The Custodian may sell any publicly traded securities or assets on any securities exchange, or in any over-the-counter or privately-negotiated transaction, the sole objective being to permit the prompt liquidation of the investment. The Custodian

shall not be liable to the Client for any loss incurred or profit denied by reason of such sale, nor shall the Custodian be liable for any claim with respect to the timing of any sale. The Custodian shall be entitled to deduct any fees and expenses in connection with such sale, including the Custodian's fees and expenses for effecting or executing such sale. The Custodian's failure to promptly sell any assets of, or promptly deduct any amounts from, the SIMPLE IRA for any fees or expenses shall not constitute a waiver of such fees or expenses.

- 9.5 The Client shall indemnify the Custodian and hold the Custodian harmless from and against any and all loss, liability, cost or expense (including attorneys' fees and disbursements): (i) incurred by or asserted against the Custodian by reason of the Custodian serving as Custodian of this SIMPLE IRA, except those which arise due solely to the Custodian's gross negligence or willful misconduct; (ii) with respect to the acquisition, holding or disposition of any investment, or (iii) the making or failing to make any distribution. The Custodian shall not be obligated or expected to commence or defend any legal action or proceeding in connection with the SIMPLE IRA unless agreed upon by the Custodian and the Client, and unless the Custodian is fully indemnified to its satisfaction for so doing.
- 9.6 In the event that the Custodian has agreed in writing to, and is acting as a "designated financial institution" (within the meaning of Section 408(p)(7) of the Code) under the terms of a SIMPLE Plan established by the Client's employer under Section 408 (p) of the Code, then in that event the Client will be permitted to transfer his or her balance without cost or penalty (within the meaning of Section 408(p)(7) of the Code) to another individual retirement account of the Client that is qualified under Section 408(a), (b), or (p) of the Code, or to another eligible retirement plan described in Section 402(c)(8)(B) of the Code.

#### **ARTICLE X - Resignation or Removal of the Custodian**

- 10.1 Upon thirty (30) days' prior notice to the Custodian (or such shorter period as is accepted by the Custodian), the Client may remove the Custodian as the custodian of this SIMPLE IRA. The Client's notice to the Custodian must identify the successor custodian.

The Custodian may resign at any time upon thirty (30) days' notice to the Client. The Custodian shall resign and substitute another custodian if the Custodian receives notice from the Commissioner of Internal Revenue that such substitution is required because it has failed to comply with the requirements of Section 1.408-2(e) of the Income Tax Regulations. Except as required above, upon its resignation, the Custodian may, but shall not be required to, appoint a qualifying successor custodian. If the Custodian upon its resignation appoints a successor and the Custodian does not receive from the Client within thirty (30) days of its resignation written notice from the Client that the Client rejects the designated successor, then the Client will be deemed to have ratified, confirmed and accepted the Custodian's appointed successor.

If the Custodian resigns without appointing a successor, or if the Client rejects a successor appointed by the Custodian, the Client shall appoint a successor custodian within thirty (30) days of the Custodian's resignation. Failure to appoint a successor custodian in the required time shall result in the termination of this SIMPLE IRA and distribution of the assets in the SIMPLE IRA.

Notwithstanding the transfer of the assets of the SIMPLE IRA to a successor custodian or the distribution of the assets of the SIMPLE IRA upon termination of the SIMPLE IRA, the Client (and the SIMPLE IRA) shall remain liable for payment in full of all of the fees and other administrative charges and any expenses then due and payable or which become due and payable as a result of, upon or following any transfer or distribution of the assets of the SIMPLE IRA described in Article IX.

- 10.2 To qualify, a successor custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury pursuant to Section 1.408-2(e) of the Income Tax Regulations. The Client

represents and warrants that any successor custodian appointed by the Client is qualified to act as a custodian of this SIMPLE IRA. Upon receipt by the Custodian of notice (whether written or electronic) of the appointment by the Client of a successor custodian, the Custodian shall transfer and pay over to such successor the assets of the SIMPLE IRA. Notwithstanding the foregoing, the Custodian is authorized to reserve such sum of money or other property as it may deem advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities actually or potentially constituting a charge on or against the assets of the SIMPLE IRA or on or against the Custodian. Any balance of such reserve remaining after the payment of all such items is to be paid over to the successor custodian.

- 10.3 The Custodian shall not be liable for the acts or omissions of any successor custodian, even if such successor custodian has been appointed by the Custodian.

#### **ARTICLE XI - Termination of the SIMPLE IRA**

- 11.1 The Custodian may terminate the SIMPLE IRA if within thirty (30) days after the resignation or removal of the Custodian, no custodian has been appointed as successor custodian or the successor custodian appointed by the Client fails or refuses to accept any asset in the SIMPLE IRA transferred by the Custodian to such successor custodian. To effectuate the termination of the SIMPLE IRA, the Custodian shall distribute any assets remaining in the SIMPLE IRA in a lump-sum in cash or in kind to the Client, subject to the Custodian's right to reserve funds as provided in Section 10.2.
- 11.2 The termination of the SIMPLE IRA shall not terminate the Client's obligations, representations or agreements nor the Custodian's rights or remedies, including the Client's obligation in Section 9.5 hereof to indemnify the Custodian. The Custodian's obligations under this Agreement shall terminate upon termination of this SIMPLE IRA, and upon delivery or distribution of any assets in the SIMPLE IRA to, or upon order of, the Client, the Custodian shall be relieved from all further liability under this Agreement with respect to the assets so delivered or distributed.
- 11.3 This SIMPLE IRA may be revoked at any time within seven (7) days after the date on which the Client received the initial Disclosure Statement (including the Disclosure Statement in connection with a predecessor individual retirement arrangement); a SIMPLE IRA which is established more than seven (7) days after the date of the receipt of the initial Disclosure Statement may not be revoked. A Client who wishes to revoke the SIMPLE IRA in accordance with the foregoing may do so by mailing or delivering a written revocation, or a revocation by electronic media if permitted by applicable law, to the Custodian at the address which appears at the end of the Disclosure Statement. Mailed notice will be deemed given on the date that it is postmarked (or, if sent by certified or registered mail, on the date of certification or registration), or if given by electronic media, the electronic postmark. In the event that the Client decides to revoke the SIMPLE IRA and does so within such seven-day period, the Client is entitled to a return of the entire amount of the consideration paid by the Client into the SIMPLE IRA, without adjustment for such items as brokerage commissions and fees, administrative expenses or fluctuations in market value.

#### **ARTICLE XII - Miscellaneous**

- 12.1 "UBS Financial Services Inc." shall mean UBS Financial Services Inc., a Delaware corporation, and any successor corporation by merger, consolidation or liquidation, as well as any other entity to which UBS Financial Services Inc. has transferred all or a substantial portion of its retail brokerage business.
- 12.2 If UBS Financial Services Inc. is a party to any other agreement with the Client, nothing contained herein shall be construed to diminish, reduce or eliminate any rights which UBS Financial Services Inc. may have under this Agreement nor shall anything in this Agreement be construed to diminish, reduce or eliminate any obligations of the

Client under any such other agreement. To the extent not inconsistent herewith, all of the terms and provisions of UBS Financial Services Inc.'s Master Account Agreement and Important Account Information and Disclosures booklet (and any successors to such documents) are incorporated herein by reference.

- 12.3 Any notice to the Client pursuant to this Agreement shall be deemed given upon mailing to the Client (by any class of mail) at the last address of the Client appearing on the records of the Custodian or upon the date of transfer by electronic means to the Client if such electronic transfer is permitted by applicable law. Any notice given by the Custodian may be given separately, may be included with any brokerage account statement mailed or sent (either by hard copy or by electronic media, if permitted by applicable law) to the Client or may be included in any announcement in any periodic communication to Clients of the Custodian.
- 12.4 Client shall not have the right or power to anticipate any part of the SIMPLE IRA or to sell, assign, transfer, pledge or hypothecate any part thereof. The SIMPLE IRA shall not be liable for the debts of the Client or subject to any seizure, attachment, execution or other legal process in respect thereof, except as provided by law. At no time shall it be possible for any part of the income or assets of the SIMPLE IRA to be used for, or diverted to, purposes other than for the exclusive benefit of the Client.
- 12.5 This Agreement shall be construed and administered in accordance with the laws of the State of New York, without regard to the choice-of law principles thereof.

- 12.6 This Agreement is intended to qualify as a "simple retirement account" as defined in Section 408(p) of the Code. If any provisions of this Agreement are subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with that intent.

- 12.7 The Code and the Treasury Regulations thereunder contain numerous complex and technical rules relating to individual retirement accounts, including, but not limited to, rules as to early distributions, required minimum distributions, rollovers, prohibited transactions and the removal of excess contributions. The Custodian has advised the Client that if the Client has any questions as to the treatment of any transaction involving the Client's SIMPLE IRA under the Code and the Treasury Regulations, the application of any State or local income tax laws, or the effect of any other tax, estate, inheritance or property laws, the Client should obtain and rely upon the advice of the Client's personal tax advisor or attorney.

The Client agrees that the Custodian has no responsibility or obligation to advise the Client as to the tax treatment of any transaction or to caution the Client as to any adverse consequences of any transaction involving the SIMPLE IRA. The Client agrees that the Custodian will not be liable to the Client for any income taxes, penalties or other damages of any kind which may result from the Client's failure to follow these technical rules, or any claim of a failure of the Custodian to advise the Client (or of having advised the Client incorrectly) as to the tax treatment of any transaction involving the Client's SIMPLE IRA.

# Bill Payment and Electronic Funds Transfer Service Agreement

This Bill Payment and Electronic Funds Transfer Service Agreement constitutes and contains the terms and conditions governing the UBS Financial Services Bill Payment and Electronic Funds Transfer Service. All bill payments and electronic funds transfers are subject to the terms and conditions of Client's Account Agreement, which is incorporated herein by this reference. In the case of any conflict between this Bill Payment and Electronic Funds Transfer Service Agreement and the Account Agreement, this Bill Payment and Electronic Funds Transfer Service Agreement controls.

UBS Financial Services offers the Bill Payment and Electronic Funds Transfer Service to eligible clients who have completed the appropriate application(s) and have been approved by UBS Financial Services. UBS Financial Services may terminate these services and close these accounts at any time without prior notice.

## Business Days

UBS Financial Services' "business days" are Monday through Friday. Any day when banks in the State of New York are authorized or required to be closed and/or any day which is a New York Stock Exchange holiday is not a business day.

## Description of the Bill Payment Service

By enrolling in UBS Financial Services' Bill Payment Service, Client may initiate a payment of funds from Client's Account to vendors/payees and other persons that Client has designated on the Account Application or via Online Services. Such designated vendors/payees and other persons are referred to as "vendors/payees." Client may instruct UBS Financial Services to make payments in fixed amounts on a regular, periodic basis or Client may initiate one-time payments of a specified amount. At UBS Financial Services' discretion, UBS Financial Services will send funds electronically or by physical check. Client may not use the Bill Payment Service to make any illegal payments, and agrees that requested bill payments may be denied in order to prevent suspected fraud or illegal activity.

## Description of the Electronic Funds Transfer Service

By enrolling in UBS Financial Services' Electronic Funds Transfer Service, Client may initiate a transfer of funds between Client's Account and Client's other accounts maintained at a bank or other financial institution that Client has designated on the Account Application and for which account authorizations have been authenticated, completed and accepted. Such designated and authorized accounts are referred to as "Authorized Outside Accounts." Client may also initiate a transfer of funds from Client's Account to any other account(s) Client maintains with UBS Financial Services that Client has designated on the Account Application and to which Client verifies authority to withdraw funds. Such designated accounts are referred to in this Agreement as "Designated Internal Accounts." In addition, Client may transfer funds to Client's Account from an approved Designated Internal Account. Client may not use the Electronic Funds Service to make any illegal transfers and agrees that requested electronic funds transfers may be denied in order to prevent suspected fraud or illegal activity.

## Authorization

By enrolling in the Bill Payment and Electronic Funds Transfer Service and signing the Account Application, Client authorizes UBS Financial Services to initiate payments/transfers to or from your Account in accordance with instructions through the various access channels (e.g., the Internet or voice response system) supported by UBS Financial Services that include Client's Personal Identification Number ("PIN") and/or a Password then in effect. Certain bill payments and electronic funds transfers can only be requested by Online Services or in writing. Client agrees that Client will maintain balances at all times that are sufficient to cover all bill payments and electronic funds transfers. Client agrees to repay on demand any overdraft or insufficient funds situation that may occur, and agrees that UBS Financial Services is not

liable for any such overdraft or insufficient fund situation. In the event that erroneous payments or transfers are made, Client authorizes UBS Financial Services to initiate debit or credit entries to correct such erroneous transfers, provided that any such correction is made in accordance with applicable laws, rules or regulations. In addition, Client authorizes the banks or other financial institutions at which Client Authorized Outside Accounts are maintained to accept ACH credits or debits to such accounts. By accepting and using this Bill Payment and Electronic Funds Transfer Service, Client authorizes UBS Financial Services to obtain information regarding Client's funds transfer transactions from the bank or other financial institution at which Client's Authorized Outside Accounts are maintained to resolve transfer posting problems.

## Termination of Authorization

Client's authorization shall remain in full force and effect until UBS Financial Services receives notification from Client of its termination. Client may terminate Client's authorization at any time. Any termination will become effective as soon as UBS Financial Services has had a reasonable amount of time to act on it. UBS Financial Services will have no responsibility for items that are not paid after Client's Bill Payment and Electronic Funds Transfer Service has been terminated. Client will remain responsible for any outstanding fees or obligations relating to these services. You may notify UBS Financial Services by calling 800-762-1000, 24 hours a day, 7 days a week, ET (outside the U.S., please call UBS Financial Services collect at 201-352-5257), or by writing to UBS Financial Services Inc., RMA Operations, 1000 Harbor Blvd., 5th Floor, Weehawken, NJ 07086, Attn: Bill Payment and Electronic Funds Transfer Service. If Client telephonically requests a transfer of funds, UBS Financial Services may require that Client also send written notification.

## Maximum Transaction Amounts

The maximum amount Client may transfer from Client's Account is equal to the Account's Withdrawal Limit, as defined in the "Withdrawal Limit" section of this booklet. Client's obligations are satisfied in the order described in the "Order of Permitted Payments" section of this booklet. The maximum amount Client may transfer from an Authorized Outside Account is limited to the amount available in that account as determined by the bank or financial institution at which such account is maintained. UBS Financial Services may change the maximum transaction and impose a minimum amount at any time without prior notice. Transfers may be made only in U.S. dollars.

## Instructing Us to Make a Bill Payment or Electronic Funds Transfer

Client may access the Bill Payment and Electronic Funds Transfer Service via Online Services or, if Client has a touch-tone telephone, by calling UBS Financial Services' Interactive Voice Response system, ResourceLine, at 800-762-1000, 24 hours a day, 7 days a week (except for brief periods of system maintenance). If Client does not have a touch-tone phone or, if Client would like to provide instructions to an operator, Client may call 800-762-1000, 24 hours a day, 7 days a week. Certain bill payments and electronic funds transfers can only be requested by Online Services or in writing.

All instructions must include Client's PIN and/or Password. Instructions to make a transfer in an amount of \$100,000.00 or more must be provided to a live operator. You can use Online Services, but bill payment and/or electronic funds transfer instructions received via e-mail will not be accepted. UBS Financial Services reserves the right to change or limit the payment or transfer frequency or dollar amount at any time without prior notice.

### Process Date of Client's Instruction

"Process Date" means the business day that the Client has directed UBS Financial Services to initiate a specific payment/transfer from Client's Account. It is not the date when the payment/transfer is actually received and/or posted by the vendor/payee. UBS Financial Services must receive Client's payment/transfer instructions by 6:00 p.m. New York Eastern time on a business day in order for the Client to designate that day as the Process Date. If UBS Financial Services receives any instructions after 6:00 p.m. New York Eastern time on a business day or at any time on a holiday or weekend, the "Process Date" will be the first business day after receipt (or such later date designated by Client). Cancellation of Client's payment/transfer instruction can be accomplished on the Process Date by utilizing Online Services or by calling 800-762-1000 within the U.S., or 201-352-5257 outside the U.S. (before 6:00 p.m. New York Eastern time, Monday through Friday). Client agrees that UBS Financial Services will not be liable for any requests for payment/transfer cancellations received by UBS Financial Services after 6:00 p.m. ET on that business day.

### Timing of Bill Payments

UBS Financial Services will debit Client's Account for a payment on the Process Date indicated by Client's instructions. Depending on whether Client's bill payment is sent electronically or by physical check (generally, UBS Financial Services will send Client's payment electronically if the payee has the capability to receive electronic payments), Client's payment may not be received by the payee for several days after the Process Date. Accordingly, UBS Financial Services recommends that all instructions specify the Process Date to be at least five (5) to seven (7) business days prior to the payment due date. If Client properly follows the procedures described in this Bill Payment and Electronic Funds Transfer Service Agreement and schedules the Process Date to be at least five (5) to seven (7) business days prior to the actual due date of the bill, and UBS Financial Services fails to process a payment on the scheduled Process Date, UBS Financial Services will be responsible for any late charges assessed against Client, up to \$50.00. In any other event, Client will be responsible for all late charges and penalties. Except as provided herein, UBS Financial Services' agreement is to initiate a payment in accordance with Client's instructions, and we are not liable for any damages to Client unless we breach that agreement. UBS Financial Services is not responsible for any delay by the receiver in posting or crediting a bill payment or electronic funds transfer, or for delays caused by incorrect payment directions or other reasons beyond our control. UBS Financial Services earns interest income on bill payments during the time between when the funds are debited from the client's account and when the bill payment is processed by the recipient.

### Timing of Electronic Funds Transfers

For electronic funds transfers from Client's Account, UBS Financial Services will debit Client's Account on the Process Date indicated by Client's transfer instructions. Electronic funds transfers to a Designated Internal Account will generally be sent on the business day Client's Account is debited. Electronic funds transfers to an Authorized Outside Account will generally be sent on the business day immediately following the day Client's Account is debited. For transfers to Client's Account from a Designated Internal Account or Authorized Outside Account, UBS Financial Services will initiate the transfer on the Process Date indicated by Client's transfer instructions.

### Our Liability for Failure to Make Bill Payments and/or Electronic Funds Transfers

If UBS Financial Services does not complete a transfer to or from Client's Account on time or in the correct amount, according to this Bill Payment and Electronic Funds Transfer Service Agreement with Client, UBS Financial Services will be liable for Client's losses or damages to the extent required by federal law. However, there are some exceptions where UBS Financial Services will not be liable, for instance:

1. If, through no fault of UBS Financial Services, Client's Withdrawal Limit is not enough to make the payment or transfer.
2. The funds in Client's Account are subject to legal process or other encumbrances restricting transfers, or Client's Account has been retitled, closed or blocked for security purposes.
3. The Bill Payment and/or Electronic Funds Transfer Service is not working properly and Client knew about the malfunction when Client entered the instructions.

4. The bank or other financial institution at which an Authorized Outside Account is maintained, mishandles or delays a payment or transfer sent by UBS Financial Services.
5. Client has not provided UBS Financial Services with the correct names or account information for those accounts to/from which Client wishes to direct a payment or transfer.
6. Circumstances beyond UBS Financial Services' control (such as, but not limited to, fire, flood or interference from an outside force) prevent the transaction despite reasonable precautions that UBS Financial Services has taken.
7. There may be other exceptions stated in this Bill Payment and Electronic Funds Transfer Service Agreement.

To the extent permitted by applicable law, UBS Financial Services shall not be liable for any special, incidental, consequential or exemplary damages, including, without limitation, lost profits arising in any way out of the use of any Bill Payment Service and/or Electronic Funds Transfer Service, or for misdirected payments/transfers due to Client's input errors.

### Confirming a Payment or Transfer

Client may learn whether a payment or transfer has been made, including if you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, by accessing Online Services or by calling 800-762-1000.

### Notice of Varying Accounts

If Client instructs UBS Financial Services to make regular payments, and these regular payments vary in amount, the person, or entity, Client is going to pay will tell Client, within 10 days before each payment, when it will be made and how much it will be.

### Charges for Payments/Transfers or Right to Make Payments/Transfers

For all Accounts other than Business Services Account BSA, bill payments and electronic funds transfers are free of charge. For Business Services Account BSA accounts, Client's first 20 combined payments and transfers per month from Client's Account to Client's Authorized Outside Accounts are free of charge. Thereafter, Client will be charged \$0.50 for each outgoing transaction involving Client's Authorized Outside Accounts. Transfers into Client's Business Services Account BSA Account and transfers between Client's Business Services Account BSA Account and Designated Internal Accounts are free of charge.

UBS Financial Services may, in its sole discretion, terminate the Bill Payment and/or Electronic Funds Transfer Service or charge Client's Account for payments or transfers from Client's Account to Client's Authorized Outside Accounts if UBS Financial Services deems that such payments or transfers become excessive. In such an event, we will give you notice as required by law. UBS Financial Services may charge Client a returned-item fee of \$15.00 for each bill payment and/or electronic funds transfer that is returned to us due to insufficient or uncollected funds in any of Client's Authorized Outside Accounts.

By enrolling in the Bill Payment and Electronic Funds Transfer Services, Client agrees to pay the above charges and authorizes UBS Financial Services to charge Client's Account, or any other account Client has with UBS Financial Services if insufficient funds exist in Client's Account for such amounts.

### Rejected and Returned Electronic Funds Transfers

Transfers may also be rejected and returned from Client's bank or other financial institution for the following reasons:

1. Insufficient or Uncollected Funds in Client's Authorized Outside Account — When Client requests a transfer into Client's Account from an Authorized Outside Account, Client must ensure that there are sufficient available funds in the Authorized Outside Account to complete the transfer.
2. Closed Authorized Outside Account — If the Authorized Outside Account from which Client requests a transfer of funds is closed



when UBS Financial Services attempts to complete Client's transfer, the transfer will be rejected and returned as incomplete.

UBS Financial Services will deduct any returned item fee then in effect from Client's Account or, if insufficient funds exist in Client's Account, from any other account Client has with UBS Financial Services for each transfer request UBS Financial Services cannot complete due to a closed account or insufficient or uncollected funds.

#### **PIN and Password Security**

Client agrees not to give or make available Client's PIN or Password(s) to any unauthorized individuals. If Client suspects that Client's PIN or Password has been lost or stolen or that someone may attempt to use it without Client's consent or has transferred or disbursed money without Client's permission, Client must notify UBS Financial Services at once by calling UBS Financial Services at 800-762-1000, 24 hours a day, 7 days a week, or by writing to:

UBS Financial Services Inc.  
RMA Operations  
1000 Harbor Blvd., 5th Floor  
Weehawken, NJ 07086  
Attn: Bill Payment and Electronic Funds Transfer Services

If Client is outside the U.S., please call UBS Financial Services at 201-352-5257, 24 hours a day, 7 days a week.

#### **Canceling a Transaction**

Client may cancel a specific payment or transfer up to 6:00 p.m. ET on the Process Date (as defined in the section above entitled "Process Date of Client's Instruction") indicated for that specific payment/transfer. This includes regular automatic payments, bill payments or electronic funds transfers Client has instructed UBS Financial Services in advance to make out of Client's Account. Client can obtain the Process Date that was chosen for a

specific payment/transfer by using Online Services or ResourceLine. Client may cancel the scheduled payment/transfer via UBS Financial Services' online services or by calling 800-762-1000 before 6:00 p.m. ET.

UBS Financial Services may require Client to confirm the request in writing and provide such written request to UBS Financial Services within 14 days after the call. Client can also write to UBS Financial Services Inc. at RMA Operations, 1000 Harbor Blvd, 5th Floor, Weehawken, New Jersey 07086; but Client must write in time for Client's request to be received three (3) business days or more before the Process Date. If Client orders UBS Financial Services to stop a regular automatic payment, bill payment or electronic funds transfer that Client had authorized in advance, and UBS does not do so, UBS Financial Services will be liable for Client's losses or damages to the extent required by federal law.

UBS Financial Services does not accept liability for any losses or damages that might be incurred if UBS Financial Services did not receive Client's cancellation request by 6:00 p.m. ET on the Process Date and Client's cancellation of the payment/transfer was not effective.

Client may also attempt to cancel a transaction that has been processed but has not "cleared." A cleared payment/transfer is one that Client directed UBS Financial Services to make, which has in fact been received and posted by the vendor/payee. In order to attempt to cancel a transaction after the Process Date but before the payment/transfer has cleared, Client should call 800-762-1000. UBS Financial Services may require Client to confirm the request in writing and provide such written request to UBS Financial Services within 14 days of Client's attempt to cancel the scheduled payment/transfer. UBS Financial Services will charge Client \$15.00 for each request Client makes to cancel a payment/transfer after its specific Process Date. UBS Financial Services does not accept liability for any losses or damages that might be incurred if UBS Financial Services is unable to stop the payment/transfer when such request is made after the Process Date.

## **UBS American Express Cardholder Agreement**

This UBS American Express Cardholder Agreement ("Cardholder Agreement") governs the usage of, and your rights and responsibilities with respect to, any UBS American Express Card(s) issued in connection with your Account. As used in this Cardholder Agreement, "you" and "your" mean the applicant and joint applicant(s) for the UBS American Express Card. The UBS American Express Card is issued by Juniper Bank (also referred to as the Card Issuer) in accordance with an agreement between Juniper Bank and UBS Financial Services, and this Cardholder Agreement. Your Account Agreement, and the other sections of this Important Account Information and Disclosures booklet, also apply to your UBS American Express Card, but the terms of this Cardholder Agreement control in the event of any inconsistency. The definitions in your Account Agreement apply to this Cardholder Agreement. This Cardholder Agreement also governs the use of any additional UBS American Express Cards issued at your request to persons designated by you. This Cardholder Agreement also governs any person using any UBS American Express Card issued in connection with your Account with express, implied or apparent authority to act on your behalf or on the behalf of any other cardholder. You are responsible for use of those UBS American Express Cards. You agree that the Card Issuer may, but is not required to, act on instructions or respond to communications from those additional cardholders.

This Cardholder Agreement does **NOT** apply to other features of your account, such as bill payments and electronic funds transfers, nor does it apply to the UBS Visa Signature credit card.

#### **Contact in the Event of Unauthorized Transfer**

If you believe your UBS American Express Card or Personal Identification Number (PIN) has been lost or stolen or that someone has used or may use your UBS American Express Card or PIN without your permission, call 1-800-762-1000 or write:

UBS Financial Services Inc. RMA Operations  
1000 Harbor Blvd., 5th Floor  
Weehawken, NJ 07086

#### **Your Liability for Unauthorized Transfers**

Tell the Card Issuer AT ONCE if you believe your UBS American Express Card or PIN has been lost or stolen.

Telephoning is the best way of keeping your possible losses down. You could lose all the money in your Account. You will have no liability for the unauthorized use of your UBS American Express Card or PIN so long as (a) you have exercised reasonable care in safeguarding your UBS American Express Card and PIN from risk of loss or theft; (b) you have not reported two or more incidents of unauthorized use within the preceding twelve months; and (c) your UBS American Express Card is in good standing. Otherwise, if you notify the Card Issuer within two (2) business days after you discover the unauthorized use of your UBS American Express Card or PIN, you can lose no more than \$50.00 for unauthorized transfers. If you do NOT notify the Card Issuer within two (2) business days after you learn of the loss or theft of your UBS American Express Card or PIN and the Card Issuer can prove that it could have stopped the unauthorized use if you had notified the Card Issuer, you could lose up to \$500.00.

Also, if your statement shows transfers that you did not make, tell the Card Issuer at once. If you do not tell the Card Issuer within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if the Card Issuer can prove that it could have stopped someone from taking the money if you had told the Card Issuer in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling the Card Issuer, the Card Issuer will reasonably extend the time periods.

## Security

You agree to take all reasonable precautions to prevent any person from learning your PIN or otherwise gaining access to your Account. You agree that if you give your UBS American Express Card to another person, you must get the card back in order to terminate that person's authority to use your UBS American Express Card.

## Business Days

For the purposes of this Cardholder Agreement, business days are Monday through Friday. Any day when banks in the State of New York are authorized or required to be closed and/or any day which is a New York Stock Exchange holiday is not a business day.

## Account Access

You may use your UBS American Express Card to:

- Get cash from your Account from a variety of ATMs across the country and around the world that accept American Express cards.
- Purchase goods and services where American Express cards are accepted, and at retail locations that participate in and display the network symbols shown on the back of your UBS American Express Card. You agree not to use your UBS American Express Card in any illegal transaction, or to purchase, trade or carry any securities.

## Withdrawal Limit

You may only get cash and make purchases up to your Withdrawal Limit. UBS Financial Services, on your behalf, will notify the Card Issuer of your Withdrawal Limit. Your Withdrawal Limit is the combined total of any uninvested cash balances in your Account, balances held in Sweep Options and, if you have margin, the Available Margin. Please note, however, that if your Account is subject to a guarantee that secures the repayment of an obligation or amount owing to UBS Financial Services (for example if the Account is subject to a Credit Line Guarantee Agreement) then the Withdrawal Limit will be reduced on an ongoing basis by the amount necessary (as determined by UBS Financial Services in its sole discretion) to secure such liability. UBS Financial Services reduces your Withdrawal Limit each time a debit or charge is generated in the Account, a security is purchased (excluding money market and other applicable Sweep Option holdings, drafts against the account, authorizations, branch disbursements and Fed Funds), a check is presented and paid, an item is returned uncollected or a credit is otherwise reversed, a fee is paid to UBS Financial Services or a third party, a bill payment or electronic funds transfer is effectuated, an Automatic Payment is with- drawn from the Account, a UBS American Express Card ATM transaction is obtained or a UBS American Express Card purchase is debited (or a provisional debit is applied to the Account reflecting such a purchase) from the Account. UBS Financial Services increases the Withdrawal Limit after you place funds into your Account, as explained in this Important Account Information and Disclosures booklet. Your Withdrawal Limit may change throughout each day and from day to day. In no event shall you or any other person authorized by you permit transactions to the UBS American Express Card(s) at any time to exceed your Withdrawal Limit and you agree that, in such event, the amount of such excess transactions shall become immediately due and payable at UBS Financial Services' option.

For security reasons and in order to prevent fraud, there may be limits on the number and amount of transactions that you can make with your UBS American Express Card. Some network ATM machines may impose additional limits on cash withdrawals.

## Debiting of Transactions from Your Account

Your UBS American Express Card is not a credit card—it is an access device that is linked to your Account. You are responsible for all transactions effected on, and satisfying all obligations incurred in connection with the use of, your UBS American Express Card. You authorize the Card Issuer to notify UBS Financial Services of all UBS American Express Card transactions on a daily basis after receiving them and authorize UBS Financial Services to pay the Card Issuer on your behalf and to deduct funds from your Account to pay for such transactions.

UBS Financial Services will pay amounts from your Account in the order specified in "Order of Permitted Payments," above. For cash withdrawals, you

hereby authorize UBS Financial Services, upon notice from the Card Issuer, to deduct the amount of the cash withdrawals from your Account. For purchases, you hereby authorize UBS Financial Services, once each calendar month, to deduct from your Account the amount of purchases received by the Card Issuer that have not yet been deducted from your Account. If your Account is cancelled or transferred, you agree that UBS Financial Services may deduct from your Account and pay to the Card Issuer both the amount of cash withdrawals and purchases on a daily basis.

## Cancellation

The Card Issuer or UBS Financial Services may cancel your UBS American Express Card, refuse to allow further transactions, or revoke your UBS American Express Card at any time, whether or not you are in default of any part of this Cardholder Agreement. Cancellation of your UBS American Express Card will not affect your liability for transactions and amounts not yet debited from your Account. The Card Issuer or UBS Financial Services may cancel your UBS American Express Card at any time for any reason without notice or liability. You agree to surrender and discontinue use of the UBS American Express Card immediately upon the request of the Card Issuer or UBS Financial Services, or upon the request of any bank or merchant that is acting upon instructions from the Card Issuer or UBS Financial Services.

## Foreign Transactions

American Express converts transactions in foreign currencies into U.S. dollars. Unless a particular rate is required by applicable law, the conversion rate used by American Express is a wholesale interbank rate selected on the business day prior to the day on which the transactions are processed by American Express, **increased by 1.5%**. The currency conversion rate used on the conversion date may differ from the rate in effect on the date you used your UBS American Express Card.

If you are a UBS Select American Express Cardholder, and you use your UBS American Express Card or account to effect a transaction with a party located outside of the United States, the Card Issuer will charge a Foreign Country Transaction Fee of one-half of one percent (0.50%) of the U.S. dollar amount. The Card Issuer's Foreign Country Transaction Fee is calculated after the conversion process discussed in the previous paragraph.

UBS Premier American Express Cardholders will not be charged a Foreign Country Transaction Fee by the Card Issuer and will only be assessed the currency conversion factor by American Express as discussed above.

## Fees

Other than as set forth in the Foreign Transactions section above, there are no other fees in connection with the use or maintenance of the UBS American Express Card.

See your Account Agreement and the rest of this Important Account Information and Disclosures booklet for information about other fees applicable to your Account.

When you use an ATM, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a transaction). UBS Financial Services will reimburse you for certain ATM fees charged by an ATM operator or any network used, as part of specific Account-level program participation, i.e., Select Level receives 12 ATM surcharge reimbursements (maximum \$2 per transaction, up to \$24/year); Premier Level receives 26 ATM surcharge reimbursements (maximum \$2 per transaction, up to \$52/year); Charter Level receives unlimited ATM surcharge reimbursements (maximum \$2 per transaction).

## Refunds

If you are entitled to a refund for any reason, you agree to accept a credit to your UBS American Express Card instead of a cash refund, including in connection with goods or services purchased with your UBS American Express Card or any error on your UBS American Express Card.

## Confidentiality

The Card Issuer or UBS Financial Services will disclose information to third parties about your Account, your UBS American Express Card, or the transactions you make:

1. Where it is necessary for completing the transfer or transaction;
2. In order to verify the existence and conditions of your Account or UBS American Express Card for a third party, such as a credit bureau or a merchant;
3. In order to comply with government agency or court orders;
4. If you give your express permission; or
5. As described in UBS Financial Services Inc.'s or Card Issuer's Privacy Policies.

You agree that UBS Financial Service Inc. and the Card Issuer may share information with American Express for the purpose of administering your UBS American Express Card Account.

## Documentation

You can get a receipt at the time you use your UBS American Express Card to make any transfer from your account using an ATM or point-of-sale terminal. You will also get a monthly RMA Account statement that will show the transfers you make with your UBS American Express Card.

## The Card Issuer's Liability to You

If the Card Issuer does not complete a transfer to or from your Account on time or in the correct amount according to this Cardholder Agreement, the Card Issuer will be liable for your losses or damages to the extent required by federal law. However, there are certain circumstances where the Card Issuer will not be liable for your losses or damages. The Card Issuer will not be liable, for instance:

- If through no fault of the Card Issuer, your Withdrawal Limit is not enough to make the transfer.
- If the ATM where you are making the transfer does not have enough cash.
- If the terminal or system was not working properly and you knew about the break-down when you started the transfer.
- If circumstances beyond the Card Issuer's control (such as fire or flood) prevent the transfer, despite reasonable precautions that the Card Issuer has taken.
- If through no fault of the Card Issuer, the balance of your Account was attached, subject to legal process or blocked in some way.
- If you were trying to defraud the Card Issuer.
- There may be other exceptions stated in this Cardholder Agreement.

## In Case of Errors or Questions About Your Transactions

Telephone the Card Issuer at 800-762-1000 or write the Card Issuer at UBS Card Services, P.O. Box 8801, Wilmington, DE 19899-8801, as soon as you can, if you think your statement or receipt is wrong or if you need more

information about a transaction listed on the statement or receipt. If the error concerns a transfer at an ATM, be sure to contact the Card Issuer at 800-762-1000 and not the financial institution that operates the machine. The Card Issuer must hear from you no later than 60 days after you were sent the FIRST statement on which the error or problem appeared.

1. Tell the Card Issuer your name and UBS American Express Card number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell the Card Issuer the dollar amount of the suspected error. If you tell the Card Issuer verbally, the Card Issuer may require that you send your complaint or question in writing within 10 business days.

The Card Issuer will determine whether an error occurred within 10 business days after hearing from you and will correct any error promptly. If the Card Issuer needs more time, however, it may take up to 45 days to investigate your complaint or question. If the Card Issuer decides to do this, your Account will be credited within 10 business days for the amount you think is in error, so that you will have use of the money during the time it takes the Card Issuer to complete its investigation. If the Card Issuer asks you to put your complaint or question in writing and the Card Issuer does not receive it within 10 business days, the Card Issuer may not credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, the Card Issuer may take up to 90 days to investigate your complaint or question. For new accounts, the Card Issuer may take up to 20 business days to credit your account for the amount you think is in error. The Card Issuer will tell you the results within three business days after completing its investigation. If the Card Issuer decides that there was no error, the Card Issuer will send you a written explanation. You may ask for copies of the documents that were used in the investigation.

## Other

The Card Issuer and UBS Financial Services reserve the right to change, modify, delete or add to ("Change") this Cardholder Agreement and to apply any Change to UBS American Express Cards that have been issued. You will be provided notice of a Change as required by applicable law. The Card Issuer may, at any time and in its sole discretion, not exercise a right without waiving the right.

This Cardholder Agreement and all aspects of the relationship between you and the Card Issuer with regard to the UBS American Express Card are governed by and construed in accordance with federal law, and to the extent that state law applies, the laws of the State of Delaware.

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# Conducting Business with UBS: Guide to Investment Advisory and Broker Dealer Services

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. 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.

As a firm providing wealth management services to clients in the U.S., we<sup>1</sup> are registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer and an investment adviser, offering both investment advisory and brokerage services.<sup>2</sup>

**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.**

**We are providing the following to inform you about the main distinctions between investment advisory and brokerage services and our respective duties and obligations. We encourage you to review it carefully and discuss it with your Financial Advisor.**

## **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, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs.

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.

## **How We Charge for Investment Advisory Services**

Depending on the advisory product or service you choose, we will charge you fees determined as either:

- A percentage of the amount of assets held in your advisory account,
- A flat annual fee,
- A combination of asset based fee and commissions or
- Periodic fees.

Comprehensive financial planning services are available for a fee, basic financial planning services are currently available at no charge.

Your Financial Advisor will receive part of the fees you pay us.

## **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 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.

## **How We Charge for Brokerage Services**

If you choose to establish a brokerage account with us, you may elect to:

- Pay us for our brokerage services each time we execute a transaction for your account in a Resource Management Account. If you choose to pay on a transaction-by-transaction basis, we can act as either your agent or "broker," or as a "dealer."

Operating as your agent or broker, we will charge you a commission each time we buy or sell a security for you.

As a "dealer," we act as a 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 "mark up," "mark-down" or "spread" on the price of the security in addition to the commissions you pay on these transactions.

- Pay an annual asset-based fee in lieu of commissions on each individual trade in your InsightOne fee-based brokerage accounts. Clients with an InsightOne account pay an annual asset-based fee in lieu of commissions on each individual trade. This annual fee is computed as a percentage of your account assets and covers only the costs of trades that we execute as your broker or agent; you still will pay us a mark-up or mark-down on principal trades, as outlined above.

<sup>1</sup>This document pertains to the wealth management services provided by UBS Financial Services Inc., a registered broker-dealer and investment adviser, and UBS Financial Services Inc. of Puerto Rico, a registered broker-dealer which provides advisory services through UBS Financial Services Inc. UBS Financial Services Inc. is also a member of the New York Stock Exchange.

<sup>2</sup>Examples of our advisory programs and services include our financial planning services and our ACCESS, Portfolio Management Program (PMP), Managed Accounts Consulting, PRIME, Strategic Advisor and PACE programs. Examples of our brokerage accounts include our InsightOne and Resource Management accounts.

We pay our Financial Advisors a portion of commissions, profits on principal trades, asset-based fees, and other charges.

### 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 Exchange<sup>3</sup> 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.
- **It is important to note that when we act as your broker-dealer, we do not enter into a fiduciary relationship with you, regardless of the fee structure you select. Absent special circumstances, we are not held to the same legal standards that apply when we have a**

<sup>3</sup>UBS Financial Services of Puerto Rico is not a member of the New York Stock Exchange.

**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.

### For More Information

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.

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 or call (201) 352-9999.

For more information, please visit our web site at [www.ubs.com/workingwithus](http://www.ubs.com/workingwithus)

## Client Privacy Notice

### We Take Important Steps to Help Safeguard the Personal Information We Collect About You

At UBS Financial Services Inc., we are committed to safeguarding your personal information. This notice describes the personal information we collect and how we handle and protect it. As part of our normal business practices, we distribute our policy annually or when significant changes are made to it.

This notice contains important new information about how we share information and prepare account statements.

This notice is being provided on behalf of UBS Financial Services Inc., UBS Financial Services Incorporated of Puerto Rico, UBS Bank USA, UBS Credit Corp., UBS Trust Company, N.A., and their insurance agency affiliates and subsidiaries, and UBS International Inc. This notice applies to personally identifiable information about an individual's current or former client relationships with these companies.

If your relationship with us is as part of an employee stock benefit plan, please see “Special Note for Clients With Limited-Purpose Employee Stock Benefit Plan Accounts Administered by Us” on page 43 for specific information about these types of accounts.

### Why and How We Collect Personal Information

We collect personal information to enable us to provide products and services to you and to improve and conduct our business. For example, we collect personal information to:

- Help us evaluate your financial needs
- Process your requests and transactions
- Inform you about products and services that may be of interest to you
- Provide you with effective and efficient customer service
- Assess products and services

We collect information from a variety of sources, including:

- Account applications and other forms that you submit to us, which provide information such as your name, address, e-mail address, telephone number, date of birth, Social Security number or other tax identification number, occupation, financial goals, assets and income
- Your transactions or experiences with us and our affiliated companies
- Outside companies, such as credit bureaus, regarding your credit history or employment status
- Your employer, if we have been engaged to provide stock benefit administration services on its behalf

### Who Has Access to Personal Information

Only those employees who need to have access to personal information to perform their jobs are authorized to use your personal information. They may need access to your personal information to conduct business on your behalf, service your account, help you and your Financial Advisor pursue your financial objectives, and to conduct our business.

### How We Protect Personal Information

Employees who have access to your personal information are required to maintain and protect the confidentiality of that information and must follow established procedures. We maintain physical, electronic and procedural safeguards to protect your personal information to comply with applicable laws and regulations.

### Why and How We Share Information With Our Affiliates

We may share your personal information (as described on this page in “Why and How We Collect Personal Information”) with our affiliates as required or permitted by applicable law. Our affiliates are companies controlled or owned by us, or companies that control us, such as our corporate parent, UBS AG, or are under common control with us.

For example, we may share information with our affiliates in order to:

- Provide you with products and services that you have requested
- Service your account
- Process transactions relating to your account

We may share your name, contact information and information about our transactions and experiences with you with our affiliates so that they or we may offer products or services that may be appropriate for you and to conduct business. As one example, we may share your name, contact information and transactions and information about your experiences with us with our bank or mortgage affiliates to determine whether certain products or services that they offer might meet your specific needs, so that they could offer their products and services directly to you.

We also may share with our affiliates personal information that was collected to determine your eligibility for products and services you previously requested from us ("eligibility information"). An example of this type of information would be information used to determine creditworthiness, such as net worth, income or credit history. (See "How You Can Direct How Your Information Is Shared and Presented" on this page)

### **Why and How We Share Information With Nonaffiliated Third Parties**

We do not and will not rent or sell your personal information. However, we may share your personal information (as described on page 42 in "Why and How We Collect Personal Information") with companies that we hire to perform services for us, such as vendors that provide data processing, computer software maintenance and development, transaction processing and marketing services.

In addition, to help us service your account or to offer products and services that may meet your financial needs, we may share your name, contact information, and information about our transactions and experiences with you with nonaffiliated financial service institutions with which we have agreements to market financial services or products that we jointly offer, endorse or sponsor. Nonaffiliated financial service institutions include mutual fund companies, securities brokers, clearing brokers and banks.

In the two cases above, we require these nonaffiliated companies and nonaffiliated financial service institutions with whom we share your personal information to agree to limit the use of such information to the purposes for which it was provided.

Finally, we may disclose personal information to others, including nonaffiliated companies and regulatory authorities, as either required or permitted by applicable law. For example, we may disclose personal information to:

- Comply with investigations by regulatory authorities or law enforcement agencies
- Protect against or prevent actual or potential fraud, unauthorized transactions, claims or other liabilities

### **How You Can Direct How Your Information Is Shared and Presented**

To protect the confidentiality of your information and respect your wishes for how it is used, we offer "opt out" alternatives. These permit you to direct how your information is shared with our affiliates and how it is presented in statements and periodic "playback" mailings.

### **Eligibility Information Sharing With Our Affiliates**

If you do not want us to share eligibility information (see "Why and How We Share Information With Our Affiliates" on page 42 for a definition of "eligibility information") about you with our affiliates, you may opt out of these disclosures. That is, you may instruct us not to share eligibility information with our affiliates.

Please note that, even if you direct us not to share eligibility information with our affiliates, we may still share your personal information—including eligibility information—with our affiliates as permitted by law, for example, to process transactions or to service your account. Moreover, we may also share certain other types of noneligibility information with our affiliates, such as your name, address, telephone number, e-mail address and account number(s), and information about your transactions and experiences with us.

If you wish to opt out of the disclosure of eligibility information, please call your Financial Advisor at the toll-free number listed on your account statements.

### **Statement Householding**

As a convenience to you, in some instances we may consolidate all related account statements with the same address in the same envelope. Accounts may be related for this purpose because they have owners who also maintain joint account relationships with other clients at the same address. This practice is known as "householding."

One example of this could be if you and your spouse have your statements sent to the same address and have a joint account in addition to any individual accounts. In this case, all of the account statements may be sent together.

If you do not wish to have all of your statements bundled together—that is, you prefer to receive individual statements mailed in separate envelopes—you may decline householding by calling your Financial Advisor at the toll-free number listed on your account statements.

### **Periodic 'Playback' Mailings**

After a new account is opened or whenever your investment objectives or financial information is updated, we confirm your personal information in your next statement to verify that our records are correct. These mailings, known as "playbacks," confirm certain account information such as date of birth, employment status and annual income.

If you are concerned about other account holders in your statement household (as outlined above in "Statement Householding") viewing this information, you may call your Financial Advisor at the toll-free number listed on your account statements and request that your playbacks be mailed in separate envelopes.

### **Special Note for California and Vermont Accounts**

To comply with California and Vermont laws, we do not share information with nonaffiliated third parties for accounts with a primary mailing address in these states, except as required or permitted by applicable state law. Likewise, for these accounts we do not household account statements without written consent. Therefore, accounts with a primary mailing address in California or Vermont are automatically opted out of statement householding. Additionally, Vermont accounts are automatically opted out of the sharing of eligibility information with our affiliates. If this paragraph applies to your accounts and you would like to have your statements householded, please contact your Financial Advisor at the toll-free number listed on your account statements.

### **Accessing and Revising Your Personal Information**

We strive to keep our customer files complete and accurate. Most of the information we collect about you is from applications that you submit to us to obtain our products or services and is reflected in account statements and other documentation you receive from us.

We encourage you to review this information and notify us if you believe any information should be corrected or updated. If you have questions or concerns about your personal information or this privacy notice, please contact your Financial Advisor at the toll-free number listed on your account statements.

### **Special Note for Clients With Limited-Purpose Employee Stock Benefit Plan Accounts Administered by Us**

If your relationship with us is solely through a limited-purpose employee stock benefit plan account, we share personal information only for the purposes of administering and providing stock benefit plan services.

These limited-purpose accounts are excluded from sharing of personal information with our affiliates and nonaffiliated third parties, except in connection with performing those services or completing transactions authorized by you, or for regulatory or legal purposes. For example, we share information with mailing vendors that produce statements and confirm on our behalf, but we do not disclose your personal information to affiliates or nonaffiliated third parties for marketing purposes. Accordingly, these accounts have been opted out automatically from the sharing of eligibility information described in "Eligibility Information Sharing With Our Affiliates" on this page.



Because your plan sponsor provides us with your personal information, please contact your personnel or human resources department for changes to your personal information.

Last updated: July 1, 2005

# General Account Information

## Deposits

Deposits can be made via checks, federal funds wire, Direct Deposits, or the Electronic Funds Transfer Service. Check deposits may be mailed to the address indicated on the deposit ticket, if provided with your Account, or dropped off at your branch office. For RMA/Business Services Account BSA accounts, use the reorder form in the deposit booklet or call the Service Group at 800-762-1000 to order additional deposit tickets.

To deposit federal funds into the Account, instruct your bank to wire the funds to:

UBS AG  
ABA #026007993  
UBS Financial Services Inc. Retail Incoming  
A/C #101-WA-258641-000 F/C UBS-FINSVC CLIENT A/C NAME  
A/C UBS-FINSVC INTERNAL A/C NUMBER

The wire must include your name and Account number. For RMA/Business Services Account BSA accounts, if UBS Financial Services receives funds in the account by noon, New York time, on a business day, funds will be swept into the Sweep Option on that business day if the cumulative balance in your Account is \$1.00 or more. Federal funds received after that deadline will be swept into the Sweep Option at noon, ET, on the next business day if the cumulative balance in your Account is \$1.00 or more. There is a \$25 fee per transfer for an outbound federal funds wire. Notwithstanding the foregoing, funds credited to your Account will not (a) be swept into the Sweep Option or (b) increase your Account's Withdrawal Limit until all debits and charges to your Account are satisfied.

## Withdrawal Limit

The amount of funds available for securities purchases, check writing, Bill Payment and Electronic Funds Transfer Service, and Automatic Payment transactions on any particular day for the Account is the Account's "Withdrawal Limit." This amount is the combined total of any un-invested cash balances in the Account, balances held in Sweep Options and, if you have margin, the available margin loan value of securities in the Account ("Available Margin"). Please note, however, that if the Account secures the repayment of an obligation or amount owing to UBS Financial Services (for example if the Account is subject to a Credit Line Guarantee Agreement) then the Withdrawal Limit will be reduced on an ongoing basis by the amount necessary (as determined by UBS Financial Services in its sole discretion) to secure such liability. UBS Financial Services reduces the Account's Withdrawal Limit each time a debit or charge is generated in the Account, a security is purchased (excluding money market and other applicable Sweep Option holdings), a check is presented and paid, an item is returned uncollected or a credit is otherwise reversed, a fee is paid to UBS Financial Services or a third party, or a bill payment or electronic funds transfer is effectuated, an Automatic Payment is withdrawn from the Account, a UBS American Express Card Automated Teller Machine (ATM) transaction is obtained or a UBS American Express Card purchase is debited (or a provisional debit is applied to the Account reflecting such a purchase) from the Account. Subject to the terms of the "Deposits" section on the left, UBS Financial Services increases the Account's Withdrawal Limit after Client places funds into it as follows:

1. The same business day if by federal funds wire transfer, Direct Deposits, cash, electronic funds transfer from a Designated Internal Account, UBS Financial Services Inc. check (other than

RMA/Business Services Account BSA checks), Foreign Collection Credit and Correspondent Services check.

2. One business day if by money order, certified check, Travelers check or U.S. government check drawn on a Federal Reserve Bank.
3. Two business days if by electronic funds transfer from an Authorized Outside Account.
4. Three business days if by bank check, local check or Limited Partnership Distribution (LPDI security number required).
5. Five business days if by non local check.

Notwithstanding the foregoing, however, all funds deposited into a new Account (i.e., an Account opened for less than 90 days) will be encumbered for a period of five business days except for the types of deposits described in items 1 and 3 of this section. UBS Financial Services also increases the Account's Withdrawal Limit anytime that the Account is credited with dividends, interest or returns of capital. If the Account has the margin feature, the Withdrawal Limit is also increased each time Client's Available Margin increases by reason of an increase in the value of marginable securities held in the Account or a decrease in Client's margin debt to UBS Financial Services. As a general rule, UBS Financial Services values securities based on either closing prices the previous business day for which prices were available, published bids or offers on that day, bids or offers from dealers in securities on that day or valuation information from other sources UBS Financial Services deems reliable. UBS Financial Services, in its sole discretion, may adjust the value of securities to reflect the risks associated with liquidating those securities. If Client does not have a margin feature in the Account, the Account's Withdrawal Limit is increased on settlement date each time Client sells securities or otherwise generates an uninvested cash balance in the Account.

## Withdrawals

Client may redeem or withdraw, as applicable, Sweep Option holdings from the Account by wire, check, telephone or mail. UBS Financial Services will redeem or withdraw, as applicable, Sweep Option holdings automatically to satisfy outstanding debits or charges. Debits are amounts due UBS Financial Services on settlement date for securities purchases and other debits and fees from the Account, including, without limitation, margin loans and fees. Charges are amounts due UBS Financial Services for checks, bill payments and electronic funds transfers, UBS American Express Card transactions and Automatic Payments.

## Payment of Obligations

Client authorizes UBS Financial Services to pay for all obligations incurred by the Client from Client's Account. Obligations include the amounts Client owes to UBS Financial Services for, without limitation, securities purchases, checks, fees, obligations for federal fund wires, offsets, customary transactional and brokerage fees as well as interest Client may owe UBS Financial Services as a result of margin loans or otherwise. Obligations also include any UBS American Express Card transactions, Automatic Payments, bill payments and electronic funds transfers or check charges and any other means by which Client authorizes UBS Financial Services or a third party to debit Client's Account. Collectively, these obligations are referred to as "Permitted Payments."

## Order of Permitted Payments

UBS Financial Services Inc. will deduct any Permitted Payments from an Account within that Account's Withdrawal Limit in the following order:

1. From uninvested free credit cash balances, if any, held in the Account pending investment;
2. From the withdrawal, or proceeds of a redemption or liquidation of Client's Sweep Option holdings, if any (see "Redemptions" in the prospectuses of the RMA money market funds or other applicable Sweep Options or "How the Program Works—Withdrawal Procedures" in the Disclosure Statement); and
3. From Available Margin in the Account, if it has margin and if the above sources are insufficient. Since your Available Margin will fluctuate with securities prices, the Account's Withdrawal Limit will also fluctuate. Any margin loans extended in an Account will be subject to interest rate charges at the same rate that UBS Financial Services charges for margin loans as a result of decreases in the value of marginable securities. You will not incur the cost of margin loans until all uninvested cash balances and Sweep Option holdings are fully utilized.

#### **Availability of Funds Transferred into Client's Account**

UBS Financial Services reserves the right, subject to applicable law, not to increase the Account's Withdrawal Limit to reflect funds transferred into Client's Account from an Authorized Outside Account for up to five (5) business days after the date the transfer is completed. Such funds, however, will be available for the deposit into, or purchase of, Sweep Option vehicles within two (2) business days after the date the transfer is completed. Please refer to the Disclosure Statement or the prospectuses of the Sweep Options, as applicable, for further information regarding the purchase of or deposit into the Sweep Options. UBS Financial Services will increase the Account's Withdrawal Limit to reflect funds transferred into Client's Account from a Designated Internal Account on the date the transfer is completed.

#### **Foreign Transactions**

If UBS Financial Services takes an item in foreign currency for deposit or collection, Client will bear all currency exchange rate risk. Please see the "UBS American Express Cardholder Agreement" section for information on foreign transactions using the UBS American Express Card.

#### **RMA/Business Services Account BSA Check Writing**

UBS Financial Services Inc.\* is not a bank and does not represent itself as a bank; your Account is not a bank account. The initial order of wallet-size checks is free, as well as any reorders of wallet-size checks. There may be a charge for special check orders and reorders. Client should talk to Client's Financial Advisor for details. UBS Financial Services reserves the right to charge for excessive check writing (e.g., over 100 checks per month) or impose charges for utilization of Account features beyond the annual fee at any future date. Client may not exceed the Account's Withdrawal Limit, although checks exceeding the Withdrawal Limit may, in the discretion of UBS Financial Services, be paid as a courtesy to Client. Checks may be returned unpaid if they exceed the Account's Withdrawal Limit. Client agrees to pay a charge for checks returned for insufficient funds or for checks that are paid even though they exceed the Withdrawal Limit. Client also agrees to pay a charge for stop payment orders. The amount of these charges is set forth in "Select Fees and Charges" section of this Important Account Information and Disclosures booklet.

Client should notify UBS Financial Services immediately upon discovery of the loss, theft or unauthorized use of Client's checks, and any unauthorized or missing signatures on or alterations of checks, by calling ResourceLine, our interactive voice response telephone unit, 24 hours a day, 7 days a week, at 800-762-1000, Option "0," in the U.S. or, outside the U.S., by calling collect at 201-352-5257.

Client will have no liability for unauthorized or missing signature(s) on, nor the alteration of, Client's checks so long as (a) Client has exercised reasonable care in safeguarding Client's checks from risk of loss or theft; (b) Client has not reported two or more incidents of unauthorized use within the preceding twelve months; (c) Client's Account is in good standing; and (d) Client notifies UBS Financial Services within sixty (60) days after the statement (upon which the unauthorized or missing signature or alteration transactions are first reflected) was mailed or made available to Client.

If Client does not satisfy all of these conditions, then Client will be liable for a loss to the extent provided by applicable law.

Client must examine statements and notify UBS Financial Services of any claimed errors regarding checks reflected on the statement, or of any unauthorized or missing signature on or alteration of such checks ("Discrepancies"). If Client does not notify UBS Financial Services of any Discrepancies within sixty (60) days after a statement was mailed or made available to Client, then (1) Client's statement and all checks thereon will be deemed conclusively correct; (2) UBS Financial Services will not be liable for any checks paid or charged to the Account or for any Discrepancies regarding checks shown on the statement; and (3) Client may not assert a claim against UBS Financial Services with respect to the Discrepancies.

If Client's own negligence contributed to a loss arising from a check, then Client may be liable for that loss. Examples of such negligence are: Unauthorized use of signature machines or stamps; leaving blanks or spaces; writing in pencil; entrusting check to a wrong person; checks paid to the order of "cash"; and failure to report or discover wrongdoing, including failure to report Discrepancies within the sixty (60) day period described in the prior paragraph.

The foregoing does not change Client's rights, including the time for making claims and giving notifications, under the Check 21 Act.

#### **Stop Payments on Checks**

Clients may place stop payments on checks by calling ResourceLine, our interactive voice response telephone unit, 24 hours a day, 7 days a week, at 800-762-1000, Option "0," in the U.S. or, outside the U.S., by calling collect at 201-352-5257.

Stop payments on checks are valid for a period of 180 calendar days from the date that the order is received by UBS Financial Services. Clients must notify UBS Financial Services prior to the 180 calendar days expiration in order to renew the stop payment(s) for an additional 180 calendar days.

#### **Unauthorized Automatic Payments from Client's Account, and Unauthorized Bill Payments or Electronic Funds Transfers**

Client must tell us AT ONCE if Client believes that Client's PIN/password has been lost or stolen, or if Client thinks there may be unauthorized automatic payments, or unauthorized bill payments or electronic funds transfers from Client's Account. Telephoning is the best way of keeping possible losses down. Client could lose all the money in Client's Account. Client will have no liability for unauthorized automatic payments, or unauthorized bill payments or electronic funds transfers so long as (a) Client has exercised reasonable care in safeguarding Client's PIN/password from risk of loss or theft; (b) Client has not reported two or more incidents of unauthorized use within the preceding twelve months; and (c) Client's Account is in good standing. In any event, if Client notifies UBS Financial Services within two (2) business days, Client can lose no more than \$50.00 for unauthorized automatic payments, or unauthorized bill payments or electronic fund transfers. If Client does NOT notify UBS Financial Services within two (2) business days after Client learns of the loss or theft of the PIN/password or unauthorized automatic payments or unauthorized bill payments or electronic funds transfers, and UBS Financial Services can prove that UBS Financial Services could have stopped the unauthorized use if Client had notified UBS Financial Services, Client could lose up to \$500.00.

In addition, if Client's monthly Account statement shows unauthorized automatic payments, or unauthorized bill payments or electronic funds transfers, Client must notify UBS Financial Services AT ONCE. If Client does not notify UBS Financial Services within sixty (60) days after the statement (upon which the unauthorized transactions originally appeared) was mailed or made available to Client, Client may not get back any money Client lost after the 60 days if UBS Financial Services can prove that it could have stopped someone from taking the money if Client had told UBS Financial Services in time. Client should notify UBS Financial Services immediately upon discovery of the loss, theft or unauthorized use of Client's PIN/password, unauthorized automatic payments, or unauthorized bill payments or electronic funds transfers by calling ResourceLine®, our interactive voice response telephone unit, 24 hours a day, 7 days a week, at 800-762-1000, option "0," in the U.S. or, outside the U.S., by calling

\*For purposes of this section the term "UBS Financial Services" solely refers to UBS Financial Services Inc.

collect at 201-352-5257, or write to UBS Financial Services Inc. at RMA Operations, 1000 Harbor Blvd., 5th Floor, Weehawken, New Jersey 07086.

Please refer to the "UBS American Express Cardholder Agreement" section for information concerning unauthorized use of the UBS American Express Card.

### Errors or Questions

If you think your Account statement or receipt is incorrect, or if you need more information about your automatic payments, Direct Deposits, bill payments and electronic funds transfers any other Electronic Funds Transfers on a statement or receipt (see the UBS American Express Cardholder Agreement for transactions with your UBS American Express Card), or have any other inquiries about your account, telephone UBS Financial Services at 800-762-1000, Option "0," 24 hours a day, 7 days a week, within the U.S. or 201-352-5257 (collect) outside the U.S., or write to UBS Financial Services Inc. at RMA Operations, 1000 Harbor Blvd., 5th Floor, Weehawken, New Jersey 07086 as soon as you can. UBS Financial Services must hear from you no later than 60 days after the date the FIRST statement upon which the problem or error appeared was mailed or made available to you. In your communication to UBS Financial Services, be prepared to provide the following information:

1. Tell us your name and Account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

If you initially provide this information to UBS Financial Services orally, UBS Financial Services may require that you send your complaint or question in writing within 10 business days to RMA Operations, 1000 Harbor Blvd., 5th Floor, Weehawken, New Jersey 07086.

You will be advised of the results of UBS Financial Services' investigation within 10 business days after UBS Financial Services hears from you and, if an error has been made, it will be corrected promptly. If UBS Financial Services needs more time, it may take up to 45 days to investigate your complaint or question. If UBS Financial Services decides to do this, your Account will be credited within 10 business days for the amount you think is in error so that you will have the use of the money during the time it takes UBS Financial Services to complete its investigation. If UBS Financial Services asks you to put your question or complaint in writing and UBS Financial Services does not receive it within 10 business days, your Account may not be credited.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, UBS Financial Services may take up to 90 days to investigate your complaint or question. For new accounts, UBS Financial Services may take up to 20 days to credit your account for the amount you think is in error.

UBS Financial Services will tell you the results within three (3) business days after completing its investigation. If UBS Financial Services decides that there was no error, a written explanation will be sent to you. You may ask for copies of the documents that were used in the investigation.

### Disclosure of Account Information to Third Parties

UBS Financial Services will disclose information to third parties about your Account or transfers you make:

- Where it is necessary for completing transactions;
- In order to verify the existence and condition of your account for a third party, such as credit bureau or merchant;
- In order to comply with a governmental agency or court;
- If you give us your express permission; or
- As described in our Client Privacy Notice.

### UBS Rewards

The terms and conditions of the Rewards program are contained in the Rewards catalog which is distributed to all clients shortly after enrollment.

The UBS Rewards Program is a feature of the UBS Resource Card Program for which Juniper Bank is the card issuer. The UBS Resource Card Program is an

optional feature of the Resource Management Account (RMA®) and Business Services Account BSA. The UBS Resource Card Program is a dual-card program featuring the UBS American Express Card (linked to available RMA funds) and the UBS Visa Signature credit card. Both cards earn points in the UBS Rewards Program. Points ("Point(s)") are the measure used to value rewards for redemption. Clients are eligible to earn Points each day provided the clients' RMA or Business Services Account BSA is open and in good standing. Points accrue based on the level of the clients' RMA.

For UBS Select Level clients, 1 Point will be awarded for every \$1 of net retail purchases on any UBS American Express Card or UBS Visa Signature credit card. When using their UBS American Express Cards for travel expenditures (excluding lodging and dining), UBS Select Level clients will receive 1.5 Points for every \$1 of eligible card usage. For UBS Premier and Charter Level clients, 1.5 Points will be awarded for every \$1 of net retail purchases on any UBS American Express Card or UBS Visa Signature credit card. When using their UBS American Express Cards for travel expenditures (excluding lodging and dining), UBS Premier and Charter Level clients will receive 2.25 Points for every \$1 of eligible card usage.

Points are subject to the terms and conditions of the UBS Rewards Program which will be included with the clients' card(s). Terms and conditions of the UBS Rewards Program, including conditions of participation, Points issuance, redemption levels required for awards and award offerings, may be changed, added, deleted or substituted and the UBS Rewards Program may be terminated at any time, in whole or in part, in accordance with the UBS Rewards Program terms and conditions. Please read them carefully.

The UBS Rewards Program offered in connection with the UBS American Express Card and the UBS Visa Signature credit card is a proprietary offering of UBS Financial Services and is separate from and independent of all other rewards or points programs (including, without limitation, both Membership Rewards, offered by American Express, and any other Visa rewards program).

### Account Protection

#### *Securities Investor Protection Corporation*

UBS Financial Services\* is a member of the Securities Investor Protection Corporation (SIPC). SIPC provides protection for your account(s) at UBS Financial Services for up to \$500,000, including \$100,000 for free cash balances in the unlikely event that the UBS Financial Services fails financially. The SIPC asset protection limits apply to all accounts that you hold in a particular capacity. For example, if you have two accounts at UBS Financial Services where you are the sole account holder and a third account where you are a joint account holder, the two accounts are protected under SIPC up to a combined \$500,000 (not \$500,000 each), and the joint account is protected under SIPC separately for \$500,000. UBS Financial Services, together with certain affiliates, has also purchased supplemental protection. The maximum amount payable under the policy is \$600 million. Subject to this policy limit, cash at UBS Financial Services is protected up to \$1 million in the aggregate for all your accounts held in a particular capacity at UBS Financial Services.

The SIPC protection and the supplemental protection both do not apply to (a) certain financial assets controlled by (and included in your account value) but held away from UBS Financial Services (e.g., certain (i) cash at UBS Bank USA [see the Disclosure Statement], (ii) insurance products including variable annuities, and (iii) shares of mutual funds where such shares are registered directly in the name of the account holder on the books and records of the applicable issuer or transfer agent); (b) certain investment contracts or investment interests (e.g., limited partnerships and private placements) that are not registered under the Securities Act of 1933; and (c) commodities contracts (e.g., foreign exchange and precious metal contracts), including futures contracts and commodity option contracts. The SIPC protection and the supplemental protection do not apply to these assets even if they otherwise appear on your statements. The SIPC protection and the supplemental protection do not protect against changes in the market value of your investments (whether as a result of market movement, issuer bankruptcy or otherwise). More information is available upon request or at [www.sipc.org](http://www.sipc.org).

\*For purposes of this section the term "UBS Financial Services" solely refers to UBS Financial Services Inc.

UBS Financial Services is not a bank. Unless otherwise disclosed, securities and other investments held through UBS Financial Services ARE NOT FDIC-INSURED, ARE NOT BANK GUARANTEED, AND MAY LOSE VALUE.

#### *Federal Deposit Insurance Corporation*

The Deposit Accounts will be eligible for federal deposit insurance from the Federal Deposit Insurance Corporation ("FDIC") in amounts up to \$100,000 in principal and accrued interest per depositor, in accordance with FDIC rules. For example, deposits held by one individual are insured up to \$100,000, and a joint account owned by two individuals would be insured up to \$200,000, in accordance with FDIC rules. None of UBS Financial Services, UBS Bank USA or their affiliates will monitor the amount of your deposits in the Deposit Accounts to determine whether those amounts exceed the limits of available FDIC insurance. **You are responsible for monitoring the total amount of your funds on deposit with UBS Bank USA in order to determine the extent of deposit insurance coverage available to you on those deposits, including deposits in the Deposit Accounts.** See the Disclosure Statement for more detailed information.

#### **Monthly Statements**

UBS Financial Services will furnish to you a monthly Account statement describing the activity in your Account, including, but not limited to, your UBS Rewards point activity, checking activity payments/transfers, UBS American Express Card transactions, and for informational purposes only, a summary of your UBS Visa Signature activity from your credit card statement, if applicable.

#### **Cost Basis Information**

In order to provide better service, UBS Financial Services may, in certain circumstances, obtain cost basis information regarding your investments from your prior brokerage firm, depending on which brokerage firm maintained your account. Similarly, should you decide to transfer assets from UBS Financial Services to another brokerage firm, we may, depending on the brokerage firm, provide your cost basis information to such firm. Cost basis and realized gain/loss information is displayed on your monthly statement solely as a service to you. UBS Financial Services does not independently verify or guarantee the accuracy or validity of any cost basis information obtained from sources other than UBS Financial Services. In addition, we do not provide any assurances that the information displayed on your monthly statement under the "Cost basis" section and/or the "unrealized gain/loss" section is accurate. As such, you should not rely on this information in making purchase or sale decisions, for tax purposes or otherwise. Rely only on your year-end tax forms when preparing your tax return.

#### **Change of Address**

You agree to notify your Financial Advisor immediately in writing if you change your address.

#### **Client Complaints**

Any client complaints can be directed to the Client Relations Department at 201-352-1699 or toll-free at 800-354-9103, 8:00 a.m. to 6:00 p.m. ET, Monday through Friday, or written to UBS Financial Services Inc., Client Relations Department, P.O. Box 859 Weehawken, NJ 07086.

## Deposit Account Sweep Program Disclosure Statement

#### **Summary**

Under the Deposit Account Sweep Program (the "Program"), free cash balances in eligible securities accounts at UBS Financial Services are automatically deposited into the deposit accounts (the "Deposit Accounts") at UBS Bank USA (the "Bank"). Funds on deposit in the Deposit Accounts are referred to below as "Deposited Funds."

#### *FDIC Deposit Insurance and Cap Election*

Deposited Funds will be eligible for federal deposit insurance from the Federal Deposit Insurance Corporation ("FDIC") in amounts up to \$100,000 in principal and accrued interest per depositor, in accordance with FDIC rules. For example, deposits held by one individual are insured up to \$100,000, and a joint account owned by two individuals would be insured up to \$200,000, in accordance with FDIC rules. None of UBS Financial Services, the Bank or their affiliates will monitor the amount of your Deposited Funds to determine whether those amounts exceed the limits of available FDIC insurance. **You are responsible for monitoring the total amount of your funds on deposit with the Bank in order to determine the extent of deposit insurance coverage available to you on those deposits, including deposits in the Deposit Accounts.**

You may elect to place a limit or "cap" on the amount of cash that will be swept into the Deposit Accounts. The limit you may elect is \$100,000 or more for an individual UBS Financial Services account, and \$200,000 or more for a joint UBS Financial Services account. If you have multiple accounts in the same legal capacity (for purposes of the FDIC insurance rules) at UBS Financial Services, or if you hold other deposits (including certificates of deposit) at the Bank, you may exceed FDIC insurance limits even if you have placed a limit on the amount of cash that will be swept from those accounts into Deposit Accounts.

For more detailed information on the items covered in this summary section, see "Introduction" beginning on page 48, "How the Program Works" beginning on page 49, and "Deposit Insurance" beginning on page 50.

#### *Interest Rates*

Interest rates paid on your Deposited Funds are determined by the Bank in its discretion based upon a variety of factors, including economic and business conditions. The Bank sets different interest rates for different "tiers" of UBS

Financial Services and Bank clients. These interest tiers are based upon the total amount of eligible assets by Marketing Relationship that a client holds with the Bank and at UBS Financial Services. Clients with higher total eligible Marketing Relationship assets generally will receive higher interest rates on Deposited Funds than clients with lower total eligible Marketing Relationship assets. **Clients with total eligible Marketing Relationship assets of less than \$250,000 should expect to receive interest rates on their Deposited Funds which are substantially lower than the prevailing rate of return of alternative cash sweep options for their UBS Financial Services accounts.** Interest rates paid on the Deposited Funds may change daily. Information regarding current interest rates on the Deposit Accounts and available alternative sweep options is available on line at [www.ubs.com/sweep/yields](http://www.ubs.com/sweep/yields) or by calling your Financial Advisor. For more detailed information on the items covered in this summary section, see "Interest" beginning on page 49, and "Alternatives to the Program" on page 49.

#### *Financial Benefits to UBS and Conflicts of Interest*

UBS Financial Services receives an annual fee from the Bank of up to one-half of one percent (0.50%) of the average daily deposits held by the Bank in the Deposit Accounts established through the Program. In addition, UBS Financial Services and certain of its affiliates provide operational, investment advisory, sales and marketing, loan servicing, technology and other support services to the Bank, and receive compensation for those services.

Like other depository institutions, the profitability of the Bank is determined in large part by the difference between the interest paid and other costs incurred by it on its deposits, and the interest or other income earned by the Bank on its loans, investments and other assets. Like other depository institutions, the Bank improves its profitability to the extent that it can lower the interest rates and fees paid on its deposits, including the Deposit Accounts. The Bank has no obligation to pay interest based upon the Bank's profitability or the income earned on Bank loans, investments or other assets. For more detailed information on the items covered in this summary section, see "Relationship with UBS Financial Services" and "Benefits to UBS Financial Services and its Affiliates" on page 50.

### *Your Alternatives*

If you are eligible to participate in the Program but do not wish to have your available cash deposited with the Bank through the Program, you may elect at any time to have your available cash automatically swept without limit into a tax-exempt UBS Financial Services money market fund. Please note that clients with Basic Investment Accounts and RMA IRAs are not eligible to select a tax-exempt Sweep Fund.

UBS Financial Services also offers a number of investment products that you may wish to consider as alternatives to maintaining cash deposits at the Bank through the Program. Your investment objectives, liquidity needs and risk tolerance should be considered in reviewing these alternatives. Some of these alternatives may pay an interest rate or dividend that is higher than the rate you receive on the Deposit Accounts. While deposits in the Deposit Accounts, certificates of deposit and any other available deposit products offered by FDIC-insured depository institutions are covered by FDIC insurance up to applicable limits, other investment alternatives, such as money market mutual funds, are not FDIC-insured, are not guaranteed by a bank, and may lose value. For more detailed information on the items covered in this summary section, see "Alternatives to the Program" on page 49.

### **Introduction**

Under the Program, free cash balances in eligible securities accounts at UBS Financial Services are automatically deposited into interest-bearing deposit accounts at the Bank. The Program will make the Deposit Accounts (a transaction account ("TA") and a money market deposit account ("MMDA")) available to you at the Bank. The Deposit Accounts will be eligible for federal deposit insurance from the FDIC of up to \$100,000 in principal and accrued interest **per depositor**, in accordance with FDIC rules. For example, deposits held by one individual are insured up to \$100,000, and a joint account owned by two individuals would be insured up to \$200,000, in accordance with FDIC rules. For deposit insurance purposes, deposit accounts, including certificates of deposit ("CDs") issued by the Bank, that you may establish in a particular recognized legal capacity directly with the Bank or through an intermediary, such as UBS Financial Services, will be aggregated with the Deposit Accounts you establish through the Program in the same recognized legal capacity.

Under the Program, so long as all debits and charges to your UBS Financial Services securities account are satisfied, immediately available funds (or free cash balances) of \$1.00 or more in your accounts, if the accounts are not individual retirement accounts, or, in the case of individual retirement accounts, of \$.01 or more, will be swept each business day into the Deposit Accounts **without limit**. "Business days" are Monday through Friday. Any day that is a bank holiday in the State of New York and/or a New York Stock Exchange holiday is not a business day.

You may, however, place a limit or "cap," on the amount of cash balances that will be swept into the Deposit Accounts by contacting your Financial Advisor. The cap may be set at \$100,000 or more for individual accounts and at \$200,000 or more for joint accounts (in each case, on a per-account basis). Should you choose a cap, amounts in excess of the cap will be swept into the UBS Financial Services' money market mutual fund that you select from the money market mutual funds offered by UBS Financial Services for such purpose (the "Sweep Funds") without limit. Please note that while UBS Financial Services will endeavor to implement your cap promptly, the implementation of a cap on certain accounts (for example, accounts that have been combined at your request and accounts that exceed the cap amount at the time the cap is elected) may be delayed until two business days prior to the applicable month-end. Further, please be aware that interest on the Deposit Accounts, which is credited on the fifth business day prior to the applicable month-end, will not be subject to the cap. Rather, UBS Financial Services will rebalance your Deposit Account to the cap level two business days prior to the applicable month-end, but during the intervening time your Deposit Accounts may exceed your cap level.

Following the establishment of your cap, your election of a cap and your cap level will appear on your UBS Financial Services periodic account statement. Prospectuses for the available Sweep Funds may be obtained by contacting your Financial Advisor. An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although each 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 the money market funds. Money market funds are sold by prospectus. Investors should consider the investment objectives, charges, expenses and risk factors carefully before investing. The prospectus contains this and other information. Please read it carefully before you invest.

**Please note that you will be responsible for monitoring the total amount of deposits that you have with the Bank in order to determine the extent of deposit insurance coverage available to you. Neither UBS Financial Services nor UBS AG will be responsible for any insured or uninsured portion of the Deposit Accounts. Please be aware that since the UBS Financial Services' offer of a "cap" is on a per-account basis, if you have multiple accounts at UBS Financial Services held in the same recognized legal capacity that sweep into the Bank, you may exceed FDIC insurance coverage limits notwithstanding the fact that you have elected to cap the amount of cash balances that will be swept into the Deposit Accounts. In this case, once cash in your accounts exceed, as applicable, \$100,000, or \$200,000 in the aggregate (in each case, including principal and interest), then your aggregate funds on deposit with the Bank will exceed FDIC insurance coverage limits. Although deposits placed at the Bank in connection with the Program will be covered by FDIC insurance as, and to the extent, described below, interests in the Sweep Funds are not bank accounts and are not protected by the FDIC. Balances in the Sweep Funds are covered by the SIPC and supplemental protection obtained by UBS Financial Services for its clients' benefit. For more information on SIPC coverage please contact your Financial Advisor.** You should review carefully the section of this Disclosure Statement titled "Deposit Insurance," which describes the amount of coverage available and your responsibility to monitor amounts deposited in the Bank through the Program and through other means.

The Deposit Accounts will constitute direct obligations of the Bank and will not be direct or indirect obligations of UBS Financial Services or UBS AG. The Deposit Accounts are not transferable. You may obtain publicly available financial information concerning the Bank at [www.fdic.gov](http://www.fdic.gov) or by contacting the FDIC Public Information Center by mail at 801 17th Street, N.W., Room 100, Washington, DC, 20434, or by phone at 877-275-3342 or by contacting your Financial Advisor. Neither UBS Financial Services nor UBS AG guarantee the financial condition of the Bank or the accuracy of any publicly available financial information concerning the Bank.

As required by federal banking regulations, the Bank reserves the right to require seven days prior notice before permitting a transfer of funds out of the Deposit Accounts. The Bank has no intention of exercising this right at the present time.

### **Eligibility**

The Program is available only to individuals, trusts (so long as all beneficiaries of the trust accounts are natural persons or nonprofit organizations), sole proprietors and governmental entities (each an "Eligible Participant"). Custodial accounts are eligible for the Program if each account beneficiary is an Eligible Participant. Note, however, that an Eligible Participant will be considered by UBS Financial Services (at its discretion) to be a non-Eligible Participant if UBS Financial Services becomes aware that the entity is prohibited as a matter of law from holding funds at the Bank. Other entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts or other organizations are not eligible. In addition, the Program is not currently available to certain specified types of clients (such as clients that are (a) nonprofit organizations, including organizations described in sections 501(c)(3) through (13) and (19) of the Internal Revenue Code of 1986, as amended, (b) estates, (c) enrolled in Advisory Consulting Solutions programs (other than UBS InsightOne, PACE<sup>1</sup> accounts and Employee Self-Directed Accounts), (d) Private Wealth Solutions Clients, (e) not resident in the United States or (f) retirement plans qualified under Section 401(a) or Section 403(b)(7) of the Internal Revenue Code of 1986, as amended or under any other employee retirement or welfare plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA")). Please ask your Financial Advisor for additional details concerning eligibility.

<sup>1</sup>Only free cash balances that are non-PACE assets are eligible to be swept under the Deposit Account Sweep Program.

## Alternatives to the Program

If you are eligible to participate in the Program but do not wish to have available cash deposited in the Bank through the Program, you may elect to have your available cash automatically swept into a tax-exempt Sweep Fund. Please note that clients with Basic Investment Accounts and RMA IRA are not eligible to select a tax-exempt Sweep Fund<sup>2</sup>. Please note that clients with Basic Investment Accounts and RMA IRAs are not eligible to select a tax-exempt Sweep Fund. If eligible, you may elect a tax-exempt Sweep Fund when you open your UBS Financial Services securities account or by contacting your Financial Advisor at any time. Prospectuses for the tax-exempt Sweep Funds may be obtained by contacting your Financial Advisor. Please read them carefully.

## How the Program Works

### *Deposit Procedures*

When cash balances in your UBS Financial Services securities account are first available for deposit UBS Financial Services, as your agent, will open a TA and an MMDA on your behalf at the Bank. As your agent, UBS Financial Services will deposit available cash balances into your MMDA at the Bank (so long as all debits and charges to your UBS Financial Services securities account are satisfied). Periodically, UBS Financial Services will transfer funds from your MMDA to your TA at the Bank, as necessary to satisfy debits received in your UBS Financial Services securities account (for example, for securities purchases, checking and UBS American Express Card activity, etc.). Transfers from the MMDA to the TA and withdrawals from the TA are discussed below in the section titled "Withdrawal Procedures."

At any time, you may withdraw your funds from the Bank, close your account with the Bank and designate the Bank as ineligible to receive future deposits by contacting your Financial Advisor and, if eligible, choosing a tax-exempt Sweep Fund<sup>3</sup>.

Additional depository institutions may be added to the Program in the future. You will receive notification in advance of any such addition and will be given the opportunity to designate a depository institution as ineligible to receive your deposits before any funds are deposited into a new depository institution.

If the Bank no longer makes the Deposit Accounts available through the Program, you will be notified by UBS Financial Services and given an opportunity to establish a direct depository relationship with the Bank outside of the Program. The consequences of maintaining a direct depository relationship with the Bank are discussed on page 50 in the section titled "Relationship with UBS Financial Services."

### *Withdrawal Procedures*

All Deposit Account withdrawals necessary to satisfy debits or charges in your UBS Financial Services securities account will be made by UBS Financial Services as your agent. Debits are amounts due UBS Financial Services on settlement date for securities purchases and other debits and fees from your account including, without limitation, margin loans and fees. Charges are amounts due UBS Financial Services for checks, bill payments and electronic funds transfers, UBS American Express Card purchases and cash advances. No debits or charges (including, without limitation, charges resulting from check writing) will be drawn directly against the Deposit Accounts.

**Subject to the terms set forth above in this Important Account Information and Disclosures booklet in the section titled "Withdrawal Limit," the funds necessary to satisfy debits or charges (collectively, "Debits") in your UBS Financial Services securities account will be obtained first from available cash balances in your securities account and then by liquidating any taxable Sweep Fund holdings you may have (i.e., UBS RMA Money Market Portfolio, UBS RMA U.S.**

**Government Portfolio, UBS Cashfund Inc. and UBS Retirement Money Fund—collectively, the "Taxable Funds"). If you should own shares in more than one Taxable Fund, shares of your current Taxable Fund will be sold first. Shares in any other Taxable Funds will be sold, if**

**necessary, in the following order: first, UBS RMA Money Market Portfolio; second, UBS RMA U.S. Government Portfolio; third, UBS Cashfund Inc.; and fourth, UBS Retirement Money Fund.**

If there are insufficient funds from these sources to satisfy the Debit, then withdrawals will be made from your TA maintained through the Program and, if funds in your TA are insufficient to satisfy the Debit, funds in your MMDA at the Bank will be transferred to your TA to satisfy the Debit. If there are insufficient funds in your MMDA to satisfy the Debit, then withdrawals will be made from your Tax-Exempt Sweep Funds (i.e., UBS RMA Tax-Free Fund Inc., UBS RMA California Municipal Money Fund, UBS

RMA New Jersey Municipal Money Fund and UBS RMA New York Municipal Money Fund (collectively, the "Tax-Exempt Funds")). If you should own shares in more than one Tax-Exempt Fund, shares of your current Tax-Free Fund will be sold first. Shares in any other Tax-Exempt Funds will be sold, if necessary, in the following order: first, UBS RMA Tax-Free Fund Inc.; second, UBS RMA California Municipal Money Fund, UBS RMA New Jersey Municipal Money Fund and UBS RMA New York Municipal Money Fund, as applicable. If there are insufficient funds from these sources to satisfy the Debit, then to the extent possible, the Debit will be satisfied out of your UBS Financial Services securities account's available margin, if your account has margin.

At some future time, UBS Financial Services may elect to maintain a threshold balance in your TA based upon the amount of Debit activity in your account to reduce the number of transfers between your MMDA and TA effected in order to satisfy Debits in your account. **Please note that you will earn the same rate of interest and receive the same level of FDIC insurance coverage regardless of the allocation of your funds on deposit with the Bank between your MMDA and TA.**

Federal banking regulations generally limit the transfers from an MMDA to a total of six (6) during a monthly statement cycle. At any point during a month in which transfers from the MMDA at the Bank have reached the applicable limit, all funds will be transferred from your MMDA at the Bank to the related TA until the end of the month. At the beginning of the next month, funds on deposit in your TA will be transferred to the MMDA, minus a threshold balance should UBS Financial Services elect to maintain one as discussed above. Please note that the limits on MMDA transfers will not limit the number of withdrawals you can make from funds on deposit at the Bank.

Please be aware that the order in which your Debits will be satisfied will be applied notwithstanding any prevailing interest rate differential between the relevant sweep options (for example, your Sweep Fund and your Deposit Account). As a result, it is possible that a higher-yielding sweep option will be debited before a lower-yielding sweep option.

## Interest

As discussed above, the Bank will pay the same rate of interest on your TA and MMDA. The interest rate will be established periodically by the Bank based on prevailing business and economic conditions. Different clients receive different interest rates based on the nature and scope of their relationships with UBS Financial Services and the Bank. Generally the deposits of clients in higher eligible asset tiers will receive higher interest rates than deposits of clients in lower eligible asset tiers. The Bank's eligible asset tiers are: (a) \$2 million and more; (b) \$1,999,999 to \$1 million; (c) \$999,999 to \$500,000; (d) \$499,999 to \$250,000; (e) \$249,999 to \$250,000; and (f) less than \$100,000. The Bank reserves the right to change its eligible asset tiers at any time without notice. Depending upon the amount of eligible assets that you hold with UBS Financial Services and the Bank on a Marketing Relationship basis, the interest rates paid on the Deposit Accounts will exceed, meet or be lower than the prevailing rate of return of the Sweep Funds. The value of a client's eligible Marketing Relationship assets will be calculated at each calendar month end. This valuation will then be used to set the client's interest rate tier level for the interest period beginning five business days prior to the following month end. Please note that if you establish a new account that is not part of an

<sup>2</sup>UBS Financial Services offers the following tax-exempt Sweep Funds: UBS RMA Tax-Free Fund Inc., UBS RMA California Municipal Money Fund, UBS RMA New York Municipal Money Fund and UBS RMA New Jersey Municipal Money Fund. State-specific municipal funds are designed for residents of those states.

<sup>3</sup>Please note that clients with Basic Investment Accounts and RMA IRA's are not eligible to select a tax exempt Sweep Fund. This does not constitute a solicitation offer or recommendation to purchase any securities. Money Market Funds are sold by prospectus. 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. If your account is Resource Management Account (RMA) or Business Services Account BSA, you may obtain a prospectus online through UBS Financial Services Inc.'s Online Services.

existing Marketing Relationship, your account will be placed into the asset tier of \$249,999 to \$100,000 until the value of your eligible Marketing Relationship assets is calculated at the following calendar month end. Clients with total eligible Marketing Relationship assets at UBS Financial Services Inc. and the Bank of less than \$250,000 in the aggregate are expected to receive interest rates which are substantially lower than the prevailing rate of return of the Sweep Funds. Interest rates paid on the Deposit Accounts may change daily. To determine the value of a client's eligible Marketing Relationship assets, UBS Financial Services will evaluate those related UBS Financial Services accounts that are:

- Combined with the client's account for monthly statement mailings (in other words, those accounts for which the client receives statements sent to the same address in a single envelope). These related accounts (together with the account of the client) are referred to as having a "statement household relationship."
- If two or more accounts share the same name, address and Social Security Number or Tax Identification Number, they are automatically placed into a statement household relationship. If two or more accounts share only the same address, they will be placed into a statement household relationship with the applicable clients' consent.
- In addition, accounts that are in one statement household relationship will be combined with accounts in a second statement household relationship in two circumstances:
  - First, the accounts will be combined if the primary Social Security Number or Tax Identification Number on an account in one statement household relationship matches the primary Social Security Number or Tax Identification Number in an account in a second statement household relationship.
  - Second, the accounts will also be combined if the primary Social Security Number or Tax Identification Number on an account in one statement household relationship, matches a secondary Social Security Number or Tax Identification Number in an account in a second statement household relationship, if each account in each statement household has the same nine-digit ZIP code.

Please note however that in certain limited instances additional criteria may be applied. UBS Financial Services in its sole discretion reserves the right to grant exceptions to its householding policy. If you (a) have different accounts with UBS Financial Services that for any reason are not permitted to be combined on a household basis, (b) would like to determine the household status of your accounts or (c) would like to add accounts to your household, please contact your Financial Advisor. Please note that treating accounts as part of a single household relationship does not result in the commingling of any assets held in your accounts. For more information please contact your Financial Advisor.

The interest rate will be available at 6:00 p.m., ET, on the business day the rate is set and will apply to balances in the Deposit Accounts on that day and on any successive non-business days following such business day. Interest will accrue on account balances from the day funds are deposited with the Bank through the business day preceding the date of withdrawal from the Bank. Interest will be compounded daily and credited on the fifth business day prior to the end of each month. Information regarding current interest rates on the Deposit Accounts is available online at [www.ubs.com/sweepyields](http://www.ubs.com/sweepyields) or through UBS Financial Services Inc.'s Online Services. You may also call your Financial Advisor.

Any daily interest accrual below \$0.01 will not be accrued to your Deposit Accounts. As a result, balances in the Deposit Accounts that accrue daily total interest below \$0.01 effectively will not accrue any interest.

The rates of return paid with respect to the Deposit Accounts may be higher or lower than the rates of return available to depositors making deposits directly with the Bank or other depository institutions in comparable accounts. You should compare the terms, rates of return, required minimum amounts, charges and other features of the Program with other accounts and alternative investments.

#### **Information About Your Deposit Accounts**

All activity with respect to your Deposit Accounts (including the initial deposit that results in Deposit Accounts being opened on your behalf at the Bank)

will appear on your UBS Financial Services periodic account statement, including the total of your opening and closing Deposit Account balances and the interest earned for the period covered by the statement.

You may contact your Financial Advisor during any business day to obtain the current interest rate on the Deposit Accounts, your account balances in the Deposit Accounts and other account information. In addition, if you are a UBS Financial Services RMA or Business Services Account BSA client you may, at no charge, enroll in Online Services, which permits you to view your UBS Financial Services account information online at any time. Through Online Services, you may monitor the balances in the Deposit Accounts at the Bank as frequently as you want.

#### **Relationship with UBS Financial Services**

Under the Program, UBS Financial Services will be acting as your agent in establishing the Deposit Accounts, depositing funds into the Deposit Accounts and withdrawing funds from the Deposit Accounts. No evidence of ownership, such as a passbook or certificate will be issued to you. Deposit Account ownership will be evidenced by a book entry on the account records of the Bank and by records maintained by UBS Financial Services as your custodian. As discussed above, you will be provided with a periodic account statement from UBS Financial Services that will reflect the balances in the Deposit Accounts at the Bank. You should retain the account statements for your records.

UBS Financial Services may, in its sole discretion and without notice, terminate your use of the Program. If UBS Financial Services terminates your use of the Program, you may deal directly with the Bank subject to its rules with respect to maintaining accounts.

Similarly, if you decide to terminate your participation in the Program, you may establish a direct relationship with the Bank by requesting to have the Deposit Accounts established in your name. This will result in separating the Deposit Accounts from your UBS Financial Services securities account.

UBS Financial Services will receive a fee from the Bank of up to one-half of one percent of the average daily deposit balance held by the Bank in Deposit Accounts established through the Program. UBS Financial Services reserves the right to increase, decrease or waive all or part of this fee. You will receive notification in advance of any increase. Other than applicable fees and charges imposed by UBS Financial Services on your securities accounts (such as for returned checks or stop-payments), which are described in the "Selected Fees and Charges" section of this Important Account Information and Disclosures booklet, there will be no charge, fee or commission imposed on your securities account with respect to the Program.

#### **Benefits to UBS Financial Services, and its Affiliates**

Each of UBS Financial Services, UBS Securities LLC and UBS AG (collectively, the "UBS Affiliates") provide operational and other services to the Bank and receive compensation for those services.

The Bank uses the cash balances in the Deposit Accounts to fund current and new lending activity. The Bank will seek to make a profit by achieving a positive "spread" between (a) the amount of interest that it pays for deposits and (b) the sum of the amount of interest that it charges for loans and the return on investments made with any deposits that it does not need to fund loans.

#### **Deposit Insurance**

##### *General Information*

The Deposit Accounts are insured by the FDIC, an independent agency of the U.S. government, to a maximum amount of \$100,000 (including principal and interest) when aggregated with all other deposits held by you in the same recognized legal capacity at the Bank. Your funds become eligible for deposit insurance immediately upon placement in a Deposit Account. Generally, any accounts or deposits that you maintain directly with the Bank, or through an intermediary (such as UBS Financial Services) in the same recognized legal capacity in which the deposits in the Deposit Accounts are maintained, will be aggregated with the deposits in your Deposit Accounts, for purposes of the \$100,000 limit. In the unlikely event

that the Bank should fail, the Deposit Accounts are insured, up to the \$100,000 limit, for principal and interest accrued to the day the Bank is closed. Interest is determined for insurance purposes in accordance with federal law and regulations.

Under certain circumstances, if you become the owner of deposits at the Bank because another depositor dies, beginning six months after the death of the depositor, the FDIC will aggregate those deposits for purposes of the \$100,000 limit with any other deposits that you own in the same recognized legal capacity at the Bank. Examples of accounts that may be subject to this FDIC policy include joint accounts, "payable on death" accounts and certain trust accounts. The FDIC provides the six-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

**You will be responsible for monitoring the total amount of deposits that you have with the Bank in order to determine the extent of deposit insurance coverage available to you on your deposits, including deposits in the Deposit Accounts.**

Neither UBS Financial Services nor UBS AG will be responsible for any insured or uninsured portion of the Deposit Accounts. In the unlikely event that federal deposit insurance payments should become necessary, payments of principal plus unpaid and accrued interest will be made to you. There is no specific time period during which the FDIC must make insurance payments available. Furthermore, you may be required to provide certain documentation to the FDIC and UBS Financial Services before insurance payments are made. For example, if you hold deposits as trustee for the benefit of trust participants, you may be required to furnish affidavits and provide indemnities regarding an insurance payment.

If deposits in your Deposit Accounts or other deposits at the Bank are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with the acquirer until (i) the maturity date of the CDs or other time deposits that were assumed, or (ii) with respect to deposits that are not time deposits, the expiration of a six-month period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same recognized legal capacity for purposes of federal deposit insurance. Any deposit opened at the depository institution after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

The application of the \$100,000 federal deposit insurance limitation is illustrated by several common factual situations discussed below.

**Individual Customer Accounts.** Funds owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts held through UBS Financial Services) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same recognized legal capacity (including funds held in a sole proprietorship) and are insured up to \$100,000 in the aggregate.

**Custodial Accounts.** Funds in accounts held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same recognized legal capacity and are insured up to \$100,000 in the aggregate.

**Joint Accounts.** An individual's interest in funds in all accounts held under any form of joint ownership valid under applicable state law may be insured up to \$100,000 in the aggregate, separately and in addition to the \$100,000 allowed on other deposits individually owned by any of the co-owners of such accounts (hereinafter referred to as a "Joint Account"). For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$200,000 (\$100,000 for each person), subject to aggregation with each owner's interests in other Joint Accounts at the same depository institution. Joint Accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual

person, has signed a UBS Financial Services account agreement and has a right of withdrawal on the same basis as the other co-owners.

**Revocable Trust Accounts**

**General Rule.** Funds held in an account in which the owner evidences an intent that at his or her death the funds shall belong to one or more individuals (frequently referred to as a "Totten trust" account, "payable upon death" account or other type of revocable trust account, as determined under applicable state law) will be aggregated with other funds of the owner held in an individual capacity at the Bank and will be insured up to a maximum of \$100,000.

**Special Rule.** Revocable trust accounts will be insured as to each named beneficiary, separately from another account of the owner or the beneficiary, provided that: (i) the UBS Financial Services Inc. account records evidence an intention that upon the death of the owner the funds will belong to the owner's spouse, or to one or more parents, siblings, children or grandchildren and (ii) the beneficiaries of the revocable trust are specifically named in the UBS Financial Services Inc. account records. However, a revocable trust account established by a husband and wife that names the husband and wife as sole beneficiaries will be treated as a joint account, and will be aggregated with other joint accounts subject to the rules described under "Joint Accounts" above.

**Living Trusts.** A living trust is a formal revocable trust over which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. Living trusts are subject to special rules, which should be carefully reviewed in order to determine the available deposit insurance coverage.

**Irrevocable Trust Accounts.** Funds held in an account established pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to \$100,000 per beneficiary provided that the beneficiary's interest in the account is non-contingent (in other words, capable of determination without evaluation of contingencies). According to the FDIC, Coverdell Education Savings Accounts will be treated as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. A beneficiary's interest in funds held in irrevocable trust accounts created by the same grantor will be aggregated and insured up to \$100,000.

**Individual Retirement Accounts.** Funds held in an individual retirement account (an "IRA"), including traditional, Roth, SEP and SIMPLE IRAs, are insured up to \$100,000 in the aggregate. Funds held in an IRA will be aggregated with funds held in certain employee benefit plans in which the owner of the IRA has an interest. Under FDIC regulations an individual's interest in deposits at the Bank held by (i) IRAs, (ii) deferred compensation plans for certain employees of state or local governments or tax-exempt organizations (i.e., Section 457 Plans), (iii) self-directed "Keogh Plans" of owner-employees described in section 401(d) of the Internal Revenue Code of 1986, as amended and (iv) self-directed defined contribution plans will be insured for up to \$100,000 in the aggregate whether or not maintained by the same employer or employee organization. Thus, the owner of an IRA will only be entitled to insurance of \$100,000 for interests in retirement plans and accounts holding funds at the Bank that are subject to aggregation.

**Questions about FDIC Deposit Insurance Coverage**

If you have questions about basic FDIC insurance coverage, please contact your Financial Advisor. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one recognized legal capacity. You may also obtain information by contacting the FDIC, Office of Compliance and Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342, 800-925-4618 (TDD) or 202-942-3100) or by e-mail ([dcainternet@fdic.gov](mailto:dcainternet@fdic.gov)) or by accessing the FDIC website at [www.fdic.gov](http://www.fdic.gov).



# Selected Fees and Charges

There are various fees and charges normally associated with the maintenance of the Account. In addition, there are charges in connection with the purchase and sale of financial products through UBS Financial Services or its affiliates, including various commissions, fees, markups or other related amounts. These amounts are subject to change from time to time. Set forth below are some of the more common fees and charges, but the list is not all-inclusive. At Client's request, Client's Financial Advisor can supply specific information regarding fees and charges that may apply to the Account. Note, however, that certain types of accounts, such as UBS InsightOne, are exempt from several of the charges listed below as a result of fees charged for such accounts instead of transaction fees.

Resource Management Account <sup>1,5</sup> (Primary Account)	\$ 150.00
Resource Management Account <sup>1,5</sup> (Secondary Account)	\$ 75.00
IRA Resource Management Account (Primary Account)	\$ 150.00
IRA Resource Management Account (Secondary Account)	\$ 75.00
Individual Retirement Account (IRA) <sup>5</sup>	\$ 40.00
Coverdell Education Savings Account (CESA) <sup>1</sup>	\$ 40.00
403(b)(7) Custodial Account <sup>1</sup>	\$ 40.00

Qualified Plan Prototype Document Fee <sup>1</sup>	\$ 100.00
RMA/IRA Fee Cap <sup>5</sup>	\$ 325.00
Business Services Account BSA <sup>1</sup>	\$ 150.00
Business Services Account BSA Qualified Plans <sup>1</sup>	\$ 150.00
UBS Rewards <sup>2</sup>	\$ 50.00
IRA and 403(b)(7) Termination/Transfer Fee	\$ 75.00
CESA Transfer Fee	\$ 75.00
Resource Management Account/Business Services Account BSA Termination Fee	\$ 75.00
Processing and Handling Fee(per transaction)	\$ 5.25
Account Transfer Fee	\$ 75.00
Security Transfer Fee <sup>3</sup>	\$ 25.00
Returned Check	\$ 25.00
Account Maintenance Fee <sup>4</sup>	\$ 75.00
Stop Payment Transfer Fee	\$ 15.00
RMA / Business Services Account BSA	
Bounced Check Fee	\$ 15.00
Bill Payment, Automatic Payment, or Electronic Funds Transfer Returned- Item Fee	\$ 15.00
Federal Fund Wire Transfer (outgoing wires only)	\$ 25.00

## Program Level Fees

	Select Level	Premier Level	Charter Level
<b>Single Account</b>			
Account Holder	\$ 0	\$ 350	\$1500
2nd Individual	\$ 0	\$ 175	\$1000
3rd Individual	\$ 0	\$ 175	\$1000
4th Individual	\$ 0	\$ 175	\$1000
5th Individual and above	\$ 50	\$ 175	\$1000
<b>Joint Account</b>			
Account Holder	\$ 0	\$ 350	\$1500
Joint Account Holder	\$ 0	\$ 0	\$ 0
3rd Individual	\$ 0	\$ 175	\$1000
4th Individual	\$ 0	\$ 175	\$1000
5th Individual and above	\$ 50	\$ 175	\$1000

A change from Premier Level to Charter Level will result in another fee being assessed to the account. We will rebate the Premier Level fee to the account if the account upgrades to the Charter Level within 6 months of the Premier Level fee being charged.

<sup>1</sup> Annual fee.

<sup>2</sup> For Business Services Account BSA, this fee is deducted from your account at the end of the month following enrollment.

<sup>3</sup> Per security charge for legal transfer, transfer and ship, and restricted stock re-registration.

<sup>4</sup> This fee is charged if the account generates less than \$100 in commissions, account fees (e.g., fees for RMA, Business Services Account BSA, Managed accounts under a wrap fee program) or margin interest over a specified 12 month period.

<sup>5</sup> Eligibility for the RMA and IRA Fee Cap will be calculated based on the number of RMAs and IRAs in your Marketing Relationship. For information on how UBS Financial Services determines your Marketing Relationship, please see page 17 of this booklet.

# Statement of Credit Practices

## Effective January 1, 2001 (SEC Rule 10b-16)

The following discussion provides a description of UBS Financial Services Inc.'s<sup>1</sup> interest charges and other matters relating to the extension or maintenance of credit in connection with your account. Since it is intended to be all-inclusive, some of the discussion may go beyond your own particular situation.

### Applicability of Interest Charge

You will be charged interest on any credit extended to you by UBS Financial Services Inc.

### Interest Rate

Unless a specific UBS Financial Services Inc. lending product provides otherwise, UBS Financial Services Inc. will charge you interest based upon the UBS Financial Services Inc. Base Loan Rate ("Base Loan Rate"). The Base Loan Rate is an internally computed rate established from time to time based on UBS Financial Services Inc.'s cost of funds as well as UBS Financial Services Inc.'s assessment of the rates charged in the financial markets. Such rates may include, but are not limited to, the prime rate, discount rate, broker call rate, Federal Funds rate, LIBOR and other regularly published lending rates. Since UBS Financial Services Inc. refers to the foregoing rates when establishing the Base Loan Rate, in an environment where such rates are rising, it is likely that the Base Loan Rate will also rise. Please note that the Base Loan Rate may change without notice. You may obtain the exact amount due and the prevailing Base Loan Rate from your Financial Advisor, the Branch Office Manager of the branch office servicing your account or, in the case of the prevailing Base Loan Rate only, by calling us at 800-798-6576 or by logging on to our website at [www.ubs.com/baselloanrate](http://www.ubs.com/baselloanrate), 24 hours a day, 7 days a week. The agreements with our clients for the extension of credit are governed by the laws of the State of New York, where UBS Financial Services Inc. maintains its principal place of business. The interest charge for each interest period is due and payable at the close of that interest period. Interest charges not paid at the close of the interest period will be added to the opening debit balance in your account for the next interest period.

Unless a specific UBS Financial Services Inc. lending product provides otherwise, the interest rate that you are charged will be determined by adding the prevailing Base Loan Rate and the applicable sliding scale percentage rate, determined by the level of your daily net loan (debit) balance. Certain accounts, however, may be assigned adjusted rates as warranted by overall business relationships in the sole discretion of UBS Financial Services Inc. Our standard sliding scale percentage rates are as follows:

Net Loan (Debit) Balance	Spread Over/Under Base Loan Rate <sup>2</sup>
Under \$25,000	3.500%
\$25,000 to \$49,999	3.125%
\$50,000 to \$74,999	2.750%
\$75,000 to \$99,999	2.125%
\$100,000 to \$249,999	1.125%
\$250,000 to \$499,999	0.750%
\$500,000 to \$999,999	0.375%
\$1 million to \$4,999,999	0.000%
\$5 million to \$9,999,999	-0.375%
\$10 million +	-0.750%

### Change of Rate Without Prior Notice

Your stated interest rate is subject to change without notice during each period in accordance with fluctuations in your daily net loan (debit) balance and the Base Loan Rate. Each time your daily net loan (debit) balance crosses one of the balance thresholds indicated in the foregoing table or the Base Loan Rate changes, your interest rate will change accordingly.

UBS Financial Services Inc. will provide you with at least 30 days' prior written notice before increasing your stated interest rate for any other reason.

### Computation of Interest Charge

The following is set forth so that you can understand how interest charges are computed and so that you may verify interest charges shown on your statement.

UBS Financial Services Inc. calculates daily loan (debit)<sup>3</sup> or credit balances for your account by taking the balances as of the close of the previous interest period (or the opening balance on a new account) and calculates a new daily net loan (debit) balance<sup>4</sup> from the previous daily balance by taking into consideration both debits and credits which occurred that day. This daily net loan (debit) balance forms the basis for interest calculations. Any proceeds received from the sale of securities (net of transaction costs) which are not sold long or are not in good deliverable form will be deducted from the credit balance in your account for purposes of calculating your net loan (debit) balance. Any short market value resulting from a short sale is disregarded because this value is used to collateralize stock borrowed to make delivery against a short sale.

Please note that although the interest charge on your net loan (debit) balance will be computed on a daily basis, interest accrued on your account will be charged only once per month, at the end of the applicable interest period. The applicable interest period is from the 22nd day of each month to the 21st day of the following month, except for the months of December and January. In December the applicable interest period is November 22 to December 31; in January the applicable interest period is January 1 to January 21. Notwithstanding the foregoing, however, if your account is a Prime Brokerage account, the applicable interest period is from the 1st calendar day of each month through the last calendar day of each month.

Your statement should be retained to assist you in verifying interest charges. The "Loan Summary" section of your statement provides the interest charge for the current interest period as well as the average net loan (debit) balance and the average loan interest rate applicable to such period. You can verify your interest charge based on a 360-day year within a few cents by using the following formula:

$$\begin{array}{rcl} \text{Average Net} & & \\ \text{Loan (Debit)} & & \\ \text{Balance} & \times & \text{Average Loan} \\ & & \text{Interest Rate} \times \\ & & \text{Loan (Debit) Days} \\ & & \text{in Interest Period} \\ & & 360 \end{array}$$

Table 1 on page 54 provides the effective annual interest rate for your stated interest rate for 365 days for the above interest calculations.

### Marking to the Market

If you sell short and the market value of the security you sold increases above your selling price, the debit balance in your account will increase, and UBS Financial Services Inc. will charge you interest on the increase. Conversely, any decrease in market value will cause the credit balance in your account to increase, and the interest charges will be accordingly reduced. This practice of determining the change in current market value is commonly referred to as "marking to the market" and is done on a daily basis.

### Other Charges

Separate interest charges may be made in the account in connection with:

- a) Prepayments – payments to a client of the proceeds of a security sale before the regular settlement date;

<sup>1</sup>For purposes of this section, unless noted otherwise, the term "UBS Financial Services Inc." solely refers to UBS Financial Services Inc.

<sup>2</sup>The UBS Financial Services Inc. Base Loan Rate is 7.625% as of 11/14/2005, and is subject to change from time to time in the lender's sole discretion.

<sup>3</sup>Daily Loan (Debit) Balance—This represents the amount of money owed UBS Financial Services Inc. on any given day.

<sup>4</sup>Daily Net Loan (Debit) Balance—This is the debit balance minus credit balance (dnl(d)b=db-cb) for any given day. Services Inc. together with its Affiliated Parties.

- b) "When issued" transactions – when the market price of the "when issued" security changes from the contract price by an amount that exceeds the cash deposit, interest may be charged on such difference; and
- c) Late payments – payments for securities purchased which are received past settlement date.

#### Liens and Additional Collateral

For all securities or other assets which UBS Financial Services Inc.<sup>5</sup> has or at any time may hold or carry for you in any of your accounts (either individually or jointly with others), or which may be deposited with UBS Financial Services Inc. for any purposes, including safekeeping, UBS Financial Services Inc. as a pledgee has a general lien for the discharge of all your obligations to UBS Financial Services Inc., however arising and irrespective of the number of accounts you have with UBS Financial Services Inc.

UBS Financial Services Inc. may require you to deposit additional collateral in accordance with the rules and regulations of the Federal Reserve Board, the New York Stock Exchange and UBS Financial Services Inc.'s internal policies. In addition, UBS Financial Services Inc. may require you to deposit such additional collateral as UBS Financial Services Inc., in its sole discretion, determines is needed as security for your obligation to UBS Financial Services Inc. Ordinarily, a request for additional margin will be made when the equity in the account falls below 30 percent of the market value of all marginable securities in your account (the equity is the excess market value of the

securities in the account over the loan or debit balance). If you fail to promptly meet a margin call or under certain other circumstances, UBS Financial Services Inc., in its sole discretion and in accordance with applicable rules and regulations, may sell your pledged securities and other securities and assets held at UBS Financial Services Inc. to meet the call or otherwise satisfy your margin maintenance deficiency.

As a general business practice, UBS Financial Services Inc. will attempt to notify you before initiating the sale of your securities and other assets to meet a margin call and will generally provide you with 48 to 72 hours to satisfy such call. However, such notice is not required and your specific authorization is not required for UBS Financial Services Inc. to liquidate securities and other assets held in your UBS Financial Services Inc. accounts. Although UBS Financial Services Inc. does not limit the factors which may cause it to require additional margin, factors such as market fluctuation, high concentration or the overall credit standing of the account will be considered. These margin calls may be met by delivery of either additional marginable securities (generally, only those equity securities registered on a national securities exchange or NASDAQ are marginable) or cash. For more information on UBS Financial Services Inc.'s right to demand additional collateral, as well as other rights of UBS Financial Services Inc. and other risk factors involved in using your UBS Financial Services Inc. securities accounts as collateral for any of UBS Financial Services Inc.'s lending programs, please review carefully the brochure entitled "Loan Disclosure Statement," which is available from your Financial Advisor.

**Table 1: Effective Annual Interest Rates**

Stated Interest Rate	Effective Annual Rate*	Stated Interest Rate	Effective Annual Rate*
4.00%	4.07%	12.25%	12.96%
4.25%	4.33%	12.50%	13.24%
4.50%	4.59%	12.75%	13.52%
4.75%	4.85%	13.00%	13.80%
5.00%	5.12%	13.25%	14.08%
5.25%	5.38%	13.50%	14.37%
5.50%	5.64%	13.75%	14.65%
5.75%	5.90%	14.00%	14.93%
6.00%	6.17%	14.25%	15.22%
6.25%	6.43%	14.50%	15.50%
6.50%	6.70%	14.75%	15.79%
6.75%	6.96%	15.00%	16.07%
7.00%	7.23%	15.25%	16.36%
7.25%	7.50%	15.50%	16.65%
7.50%	7.76%	15.75%	16.94%
7.75%	8.03%	16.00%	17.23%
8.00%	8.30%	16.25%	17.51%
8.25%	8.57%	16.50%	17.80%
8.50%	8.84%	16.75%	18.10%
8.75%	9.11%	17.00%	18.39%
9.00%	9.38%	17.25%	18.68%
9.25%	9.65%	17.50%	18.97%
9.50%	9.92%	17.75%	19.27%
9.75%	10.20%	18.00%	19.56%
10.00%	10.47%	18.25%	19.85%
10.25%	10.74%	18.50%	20.15%
10.50%	11.02%	18.75%	20.45%
10.75%	11.29%	19.00%	20.74%
11.00%	11.57%	19.25%	21.04%
11.25%	11.85%	19.50%	21.34%
11.50%	12.12%	19.75%	21.64%
11.75%	12.40%	20.00%	21.94%
12.00%	12.68%		

\* Based on 365-day year compounded monthly.

<sup>5</sup>Please note that pursuant to the terms of your Account Agreement, any securities or other assets that you hold (either individually or jointly with others) at (a) UBS Financial Services Inc. or (b) any successor firms, correspondents and/or affiliates of UBS Financial Services Inc. (collectively, "Affiliated Parties") also collateralize your obligations to UBS Financial Services Inc. or any of its Affiliated Parties. Consequently, as applicable, the term "UBS Financial Services Inc." used in the "Liens and Additional Collateral" section of this Statement of Credit Practices shall mean UBS Financial

# Overview of Disaster Recovery and Business Continuity Plans

UBS Financial Services is committed to protecting its business information, processes and customer data from unpredictable events. We do this through the preparation and testing of our primary and backup systems to ensure that we have the ability to continue to operate in the event of a business interruption. These capabilities are designed to:

- Provide for the recovery of our technology infrastructure and information
- Prevent the loss of company or customer information and transactions
- Allow us to continue to conduct our primary business functions

## The Framework of Our Disaster Recovery Plan

Our Disaster Recovery Plan is constructed with the goal that we should be able to recover and resume normal operations within predefined time frames (in most cases by end of the next business day) following an incident. To accomplish this, we have:

- *Formalized processes across our firm designed to allow us to continue or promptly resume our critical business functions.* These take into account the various types, scopes (single facility, local or regional) and durations of possible disaster events. However, please note that the ability to conduct trading and other transactional activity is dependent on stock exchanges

being open and the general availability of other infrastructure components (e.g., power and telecommunications).

- *Arranged for offsite alternative workspace for our personnel and data systems in the event our facilities are unusable as a result of an incident.* This applies to home office and branch locations, so we will be able to respond to your inquiries and provide information regarding your accounts during an incident.
- *Established procedures for the backup of files.* Copies of critical information are backed up on a regularly scheduled basis and stored offsite at multiple secure locations. For the most critical information, data is backed up in real-time at multiple secure locations. In addition, information required by regulatory agencies is archived and stored offsite at secure locations.
- *Created a protocol to test our Disaster Recover Plan.* In order to evaluate our Disaster Recovery Plan we perform periodic tests that simulate the effect of a disaster event.

If you have any questions or concerns, please contact your Financial Advisor.

## Important Information Regarding Payment Order Flow

The Securities and Exchange Commission requires all brokerage firms, including UBS Financial Services, to inform their clients as to whether such firms received payment for order flow. Order flow refers to the process by which your orders are executed. Seeking to execute a client's order in the best available market, a brokerage firm may execute the order as principal, or may route the order to an affiliated or non-affiliated broker-dealer or exchange specialist for execution.

UBS Financial Services would like its clients to be aware that the Firm does not receive any payments for order flow from any broker or dealer, national securities exchange, registered securities association or exchange member to which it routes customers' orders for execution.

# U.S. Tax Forms

## Instructions for W-9 Preparation

Purpose of Form W-9 — UBS Financial Services must obtain Client’s correct Taxpayer Identification Number (“TIN”) to report income paid to Client, real estate transactions, mortgage interest Client paid, the acquisition or abandonment of secured property, cancellation of debt or contributions Client made to an IRA. Use Form W-9 to furnish Client’s correct TIN to the requester (the person asking Client to furnish Client’s TIN) and, when applicable:

- 1. To certify that the TIN Client is furnishing is correct (or that Client is waiting for a number to be issued),
- 2. To certify that Client is not subject to backup withholding, or
- 3. To claim exemption from backup withholding if Client is an exempt payee.

Furnishing Client’s correct TIN and making the appropriate certifications on Form W-9 will prevent certain payments from being subject to backup withholding.

**Note:** If a requester gives Client a form other than a W-9 to request Client’s TIN, Client must use the requester’s form.

**How to Obtain a TIN —** If Client does not have a TIN, apply for one immediately. To apply, get Form SS-5, Application for a Social Security Number Card (for individuals), from Client’s local office of the Social Security Administration, or Form SS-4, Application for Employer Identification Number (for businesses and all other entities), from Client’s local IRS office.

**To complete Form W-9 —** If Client does not have a TIN, write “Applied for” in the space for the TIN, sign and date the form, and give it to the requester. Generally, Client will then have 60 days to obtain a TIN and furnish it to the requester. If the requester does not receive Client’s TIN within 60 days, backup withholding, if applicable, will begin and continue until Client furnishes Client’s TIN to the requester. For reportable interest or dividend payments, the payer must exercise one of the following options concerning backup withholding during this 60-day period:

- 1. A payer must backup withhold on any withdrawals Client makes from Client’s account after seven (7) business days after the requester receives this form back from Client.
- 2. The payer must backup withhold on any reportable interest or dividend payments made to Client’s account, regardless of whether Client makes any withdrawals. The backup withholding under option (2) must begin no later than seven (7) business days after the requester receives this form back.

Under option (2), the payer is required to refund the amounts withheld if Client’s certified TIN is received within the 60-day period and Client were not subject to backup withholding during that period.

**Note:** Writing “Applied for” on the form means that Client has already applied for a TIN or that Client intends to apply for one in the near future. As soon as Client receives Client’s TIN, complete another Form W-9, include Client’s TIN, sign and date the form, and give it to the requester.

**What Is Backup Withholding?** Persons making certain payments to Client are required to withhold and pay to the IRS 31% of such payments under certain conditions. This is called “backup withholding.” Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, non-employee compensation and certain payments from fishing boat operators, but do not include real estate transactions.

## What Name and Number to Give the Requester

For this type of account:	Give the Name and Social Security Number or Tax Identification Number of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account, or if combined funds, the first individual of the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a) The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>1</sup>
b) So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
5. Sole proprietorship	The owner <sup>3</sup>
6. A valid trust, estate or pension trust	Legal entity <sup>4</sup>
7. Corporate	The corporation
8. Association, club, religious, charitable, educational or other tax-exempt organization	The organization
9. Partnership	The partnership
10. A broker or registered nominee	The broker or nominee
11. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district or prison) that receives agricultural program payments	The public entity

<sup>1</sup> List first and circle the name of the person whose number Client furnishes.

<sup>2</sup> Circle the minor’s name and furnish the minor’s Social Security Number.

<sup>3</sup> Show the individual’s name. See item 5 or 6. Client may also enter Client’s business name.

<sup>4</sup> List first and circle the name of the legal trust, estate or pension trust. (Do not furnish the identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

**Note:** If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

If Client gives the requester Client’s correct TIN, makes the appropriate certifications, and reports the Client’s taxable interest and dividends on the Client’s tax return, payments Client receives will not be subject to backup withholding. Payments Client receives will be subject to backup withholding if:

- 1. Client does not furnish Client’s TIN to the requester, or
- 2. The IRS notifies the requester that Client furnished an incorrect TIN, or
- 3. Client is notified by the IRS that Client is subject to backup withholding because Client failed to report all Client’s interest and dividends on Client’s tax return (for reportable interest and dividends only), or
- 4. Client fails to certify to the requester that Client is not subject to backup withholding under (3) above (for reportable interest and dividend accounts opened after 1983 only), or
- 5. Client fails to certify Client’s TIN. This applies only to reportable interest, dividend, broker, or barter exchange accounts opened after 1983, or broker accounts considered inactive in 1983.

Except as explained in (5) above, other reportable payments are subject to backup withholding only if (1) or (2) above applies. Certain payees and payments are exempt from backup withholding and information reporting. See **Payees and Payments Exempt From Backup Withholding**, below,

and **Exempt Payees and Payments** under **Specific Instructions**, on the following page, if Client is an exempt payee.

**Payees and Payments Exempt From Backup Withholding** — The following is a list of payees exempt from backup withholding and for to the Internal Revenue Code of 1986, as amended. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except a corporation that provides medical and health care services or bills and collects payments for such services. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, patronage dividends, and payments by certain fishing boat operators.

1. A corporation.
2. An organization exempt from tax under section 501(a), or an IRA, or a custodial account under section 403(b)(7).
3. The United States or any of its agencies or instrumentalities.
4. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
5. A foreign government or any of its political subdivisions, agencies or instrumentalities.
6. An international organization or any of its agencies or instrumentalities.
7. A foreign central bank of issue.
8. A dealer in securities or commodities required to register in the United States or a possession of the United States.
9. A futures commission merchant registered with the Commodity Futures Trading Commission.
10. A real estate investment trust.
11. An entity registered at all times during the tax year under the Investment Company Act of 1940.
12. A common trust fund operated by a bank under section 584(a).
13. A financial institution.
14. A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List.
15. A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends generally not subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.

Payments of interest generally not subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. **Note:** Client may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and Client has not provided Client's correct TIN to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage interest paid by Client Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A, and 6050N, and their regulations.

## Penalties

**Failure to Furnish TIN** — If Client fails to furnish Client's correct TIN to a requester, Client is subject to a penalty of \$50 for each such failure unless Client's failure is due to reasonable cause and not to willful neglect.

**Civil Penalty for False Information with Respect to Withholding** — If Client makes a false statement with no reasonable basis that results in no backup withholding, Client is subject to a \$500 penalty.

**Criminal Penalty for Falsifying Information** — Willfully falsifying certifications or affirmations may subject Client to criminal penalties including fines and/or imprisonment.

## Specific Instructions

**Name** — If Client is an individual, Client must generally provide the name shown on Client's Social Security card. However, if Client has changed Client's last name, for instance, due to marriage, without informing the Social Security Administration of the name change, please enter Client's first name, the last name shown on Client's Social Security card, and Client's new last name.

If Client is a sole proprietor, Client must furnish Client's individual name and either Client's Social Security Number (SSN) or Client's Employer Identification Number (EIN). Client may also enter Client's business name in the appropriate section of the Master Account Application. Enter Client's name(s) as shown on Client's Social Security card and/or as it was used to apply for Client's EIN on Form SS-4.

1. **Signing the Certification—(1) Interest, Dividend, and Barter Exchange Accounts Opened Before 1984 and Broker Accounts Considered Active During 1983** — Client is required to furnish Client's correct TIN, but Client is not required to sign the certification.
2. **Interest, Dividend, Broker, and Barter Exchange Accounts Opened After 1983 and Broker Accounts Considered Inactive During 1983** — Client must sign the certification or backup withholding will apply. If Client is subject to backup withholding and Client is merely providing Client's correct TIN to the requester, Client must cross out item (2) in the certification before signing the form.
3. **Real Estate Transactions** — Client must sign the certification. Client may cross out item (2) of the certification.
4. **Other Payments** — Client is required to furnish Client's correct TIN, but Client is not required to sign the certification unless Client has been notified of an incorrect TIN. Other payments include those made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services, payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.
5. **Mortgage Interest Paid by Client, Acquisition or Abandonment of Secured Property, or IRA Contributions** — Client is required to furnish Client's correct TIN, but Client is not required to sign the certification.
6. **Exempt Payees and Payments** — If Client is exempt from backup withholding, Client should complete this form to avoid possible erroneous backup withholding. Enter Client's correct TIN, write "EXEMPT" in the block provided and then sign and date the form. If Client is a non-resident alien or foreign entity not subject to backup withholding, give the requester a completed Form W-8, Certificate of Foreign Status.
7. **TIN "Applied for"** — Follow the instructions under How To Obtain a TIN, sign and date this form.

**Signature** — For a joint account, only the person whose TIN is shown should sign the form.

**Privacy Act Notice** — Section 6109 requires Client to furnish Client's correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to Client, mortgage interest Client paid, the acquisition or abandonment of secured property, or contributions Client made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of Client's tax return. Client must provide Client's TIN whether or not Client is required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a TIN to a payer. Certain penalties may also apply.

# The UBS Financial Services Dividend Reinvestment Program

Clients can reinvest the dividends they received for eligible common and preferred stocks, closed-end funds, real estate investment trusts and master limited partnerships listed on several major stock exchanges or quoted on the National Association of Securities Dealers Automated Quotation Service (Nasdaq). UBS Financial Services also makes a form of dividend reinvestment available for certain unit investment trusts, which permits Clients to invest those dividends into shares of designated UBS Global Asset Management (US) Inc. mutual funds. (Prospectuses for these funds are available upon request from Client's Financial Advisor.)

UBS Financial Services can also reinvest dividends from certain other securities Client owns through the Depository Trust Company ("DTC") and, in some instances, at a discount. Whenever a company offers a reinvestment discount through DTC, the UBS Financial Services Dividend Reinvestment Program will automatically take advantage of that opportunity on behalf of participating Clients, without any additional costs. No commissions or fees are currently charged for the purchase of securities through this program.

Clients may instruct their Financial Advisor to reinvest the dividends received from any eligible securities in the Account. Should Clients wish to change their instructions concerning dividend reinvestment, they may do so by calling their Financial Advisor. Cash dividends received from eligible securities (minus any required withholding) will be credited to the Account on the date they are paid. Reinvestable dividends from eligible securities will be debited from the Account on the date received and used to purchase additional shares of the same security.

Upon completion of the reinvestment process, Client will receive a specific number of whole shares, since fractional shares cannot be purchased and a cash credit for any residual balance from the dividend payment. UBS Financial Services will purchase dividend reinvestment shares on Client's behalf by one of two methods:

- By UBS Financial Services either in open market transactions or from UBS Financial Services' inventory.
- Through the DTC Dividend Reinvestment Program where some discounts to market price are made available to participants.

For those purchases made in the open market or from UBS Financial Services' inventory, UBS Financial Services will aggregate all dividends attributable to designated, eligible securities and then purchase enough shares to complete these transactions for participants. Reinvestment transactions through the UBS Financial Services program will be completed on the dividend payable date. Client may receive an average price per share of the reinvestment

purchase for each eligible security, if the shares are purchased in multiple transactions. For those reinvestments made through DTC's arrangements with certain companies that have established Dividend Reinvestment Plans, UBS Financial Services will convey to DTC the funds to be reinvested and DTC will take the necessary steps to purchase whole shares on behalf of the program participants in a manner consistent with the DTC's program standard and the relevant company's plan.

The sale of shares to generate cash to pay residual balances may involve a small difference, positive or negative, between the dividend reinvestment price supplied by the company and the market price at which the fractional shares are sold. Generally, because of processing time, reinvestments made through DTC are completed within 10 to 15 business days after the dividend payment date. Client will receive a price per share which may be an average price in accordance with the terms of the company's plan.

Although UBS Financial Services tries to ensure that reinvestment will be completed within the targeted time frames, extraordinary market conditions or other circumstances may arise that could cause the reinvestment process to be delayed or suspended.

## Monitoring Transactions

Information regarding each dividend payment and subsequent reinvestment transaction is available to Client's Financial Advisor the day following the purchase of shares. At that time, Client may call Client's Financial Advisor to receive information about the transaction. Transactions will also be reflected on Client's UBS Financial Services Account statement, along with any necessary information for each dividend reinvestment transaction. Client will not receive individual trade confirmations for dividend reinvestment transactions. However, Client will continue to receive immediate confirmations for all other transactions.

Client should note that if the dividends paid to Client are ordinarily subject to taxation, they will continue to be taxable regardless of whether they are credited to the account in cash or reinvested. Participants should consult a qualified tax advisor to review any questions concerning participation in the Dividend Reinvestment Program.

The UBS Financial Services Dividend Reinvestment Program is currently made available to all Clients at no charge. Only eligible securities which are held in "street name" in the account can be part of this program.

# UBS Mortgage LLC Affiliated Business Disclosure Statement

## Affiliated Business Disclosure Statement

This is to give you notice that UBS Financial Services has a business relationship with UBS Mortgage LLC. Because of this relationship, this referral may provide UBS Financial Services with financial or other benefits.

The estimated charge or range of charges for settlement services will vary depending on the type of loan you select from UBS Mortgage LLC. For

example, you may or may not choose to pay an origination fee that is a one-time administrative and processing fee. In addition, other closing costs may be assessed and will vary based on the type of loan, the location of the property and other factors. Clients of UBS Financial Services are not obligated to use UBS Mortgage LLC and can elect to inquire about other like services with other settlement service providers.

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# UBS Retirement Money Fund

## Prospectus

August 30, 2005

This prospectus offers shares of this money market fund to individual retirement accounts and qualified retirement plans.

As with all mutual funds, the Securities and Exchange Commission has not approved or disapproved the fund's shares or determined whether this prospectus is complete or accurate. To state otherwise is a crime.

**Not FDIC Insured. May lose value. No bank guarantee.**

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The fund is not a complete or balanced investment program.

## Investment Objective, Strategies and Risks

### Fund Objective

Current income consistent with liquidity and conservation of capital.

### Principal Investment Strategies

The fund is a money market fund and seeks to maintain a stable price of \$1.00 per share. To do this, the fund invests in a diversified portfolio of high quality money market instruments of governmental and private issuers.

Money market instruments generally are short-term debt obligations and similar securities. They may also include longer-term bonds that have variable interest rates or other special features that give them the financial characteristics of short-term debt. The fund invests in foreign money market instruments only if they are denominated in US dollars.

UBS Financial Services Inc., the fund's investment advisor, has appointed UBS Global Asset Management (US) Inc. ("UBS Global AM") to serve as the fund's sub-advisor. UBS Global AM selects money market instruments for the fund based on its assessment of relative values and changes in market and economic conditions. UBS Global AM considers safety of principal and liquidity in selecting securities for the fund and thus may not buy securities that pay the highest yield.

### Principal Risks

An investment in the fund is not a bank deposit and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While the fund seeks to maintain the value of your investment at \$1.00 per share, you may lose money by investing in the fund. Money market instruments generally have a low risk of loss, but they are not risk-free. The principal risks presented by an investment in the fund are:

- *Credit Risk*—Issuers of money market instruments may fail to make payments when due, or they may become less willing or less able to do so.
- *Government Securities Risk*—There are different types of US government securities with different levels of credit risk. Some US government securities are issued or guaranteed by the US Treasury and are supported by the full faith and credit of the United States. Other types of US government securities are supported by the full faith and credit of the United States (but not issued by the US Treasury). These securities have the lowest credit risk. Still other types of US government securities are: (1) supported by the ability of the issuer to borrow from the US Treasury; (2) supported only by the credit of the issuing agency, instrumentality or government-sponsored corporation; (3) supported by pools of assets (e.g., mortgage-backed securities); or (4) supported by the United States in

some other way. Certain US government securities are riskier than others. The relative level of risk depends on the nature of the particular security. A US government-sponsored entity, although chartered or sponsored by an Act of Congress, may issue securities that are neither insured nor guaranteed by the US Treasury and are riskier than those that are.

- *Interest Rate Risk*—The value of the fund's investments generally will fall when short-term interest rates rise, and its yield will tend to lag behind prevailing rates.
- *Foreign Investing Risk*—The value of the fund's investments in foreign securities may fall due to adverse political, social and economic developments abroad. However, because the fund's foreign investments must be denominated in US dollars, it generally is not subject to the risk of changes in currency valuations.

More information about risks of an investment in the fund is provided below in "More About Risks and Investment Strategies."

Performance

Risk/Return Bar Chart and Table

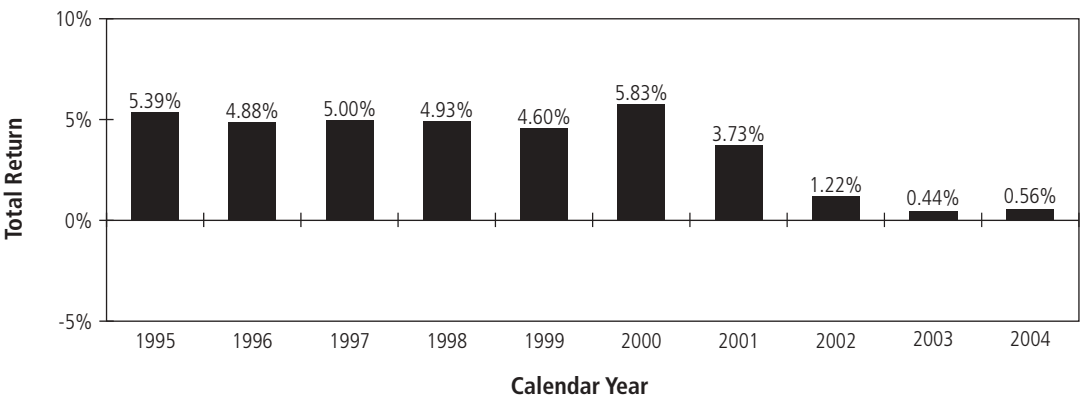
The following bar chart and table provide information about the fund’s performance and thus give some indication of the risks of an investment in the fund.

The bar chart shows how the fund’s performance has varied from year to year.

The table that follows the bar chart shows the average annual returns over various time periods for the fund’s shares.

The fund’s past performance does not necessarily indicate how the fund will perform in the future.

Total Return



Total return January 1 to June 30, 2005—0.96%

Best quarter during years shown: 4th quarter, 1997—1.55%

Worst quarters during years shown: 4th quarter, 2003 and 1st and 2nd quarters, 2004—0.07%

Average Annual Total Returns  
as of December 31, 2004

One Year	0.56%
Five Years	2.33%
Ten Years	3.64%

## Expenses and Fee Tables

**Fees and Expenses** These tables describe the fees and expenses that you may pay if you buy and hold shares of the fund.

**Shareholder Transaction Expenses** (fees paid directly from your investment when you buy or sell fund shares):

Maximum Sales Charge (Load) Imposed on Purchases (as a % of offering price)	None
Maximum Deferred Sales Charge (Load) (as a % of offering price)	None

**Annual Fund Operating Expenses** (expenses that are deducted from fund assets):

Management Fees	0.43%
Service (12b-1) Fees	0.13% *
Other Expenses	<u>0.27%</u>
Total Annual Fund Operating Expenses**	<u><u>0.83%</u></u>

\* The current rate is 0.125% but has been rounded to 0.13% for purposes of the table.  
\*\* UBS Financial Services Inc. may voluntarily waive fees or reimburse fund expenses from time to time. Once started, there is no guarantee that UBS Financial Services Inc. will continue to voluntarily waive a portion of its fees or reimburse expenses. Waivers/reimbursements may impact the fund’s performance.

### Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.

This example assumes that you invest \$10,000 in the fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the fund’s operating expenses remain at the levels shown in the table above. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$85	\$265	\$460	\$1,025

## More About Risks and Investment Strategies

### Principal Risks

The main risks of investing in the fund are described below. Other risks of investing in the fund, along with further detail about some of the risks described below, are discussed in the fund's Statement of Additional Information ("SAI"). Information on how you can obtain the SAI is on the back cover of this prospectus.

**Credit Risk.** Credit risk is the risk that the issuer of a money market instrument will not make principal or interest payments when they are due. Even if an issuer does not default on a payment, a money market instrument's value may decline if the market believes that the issuer has become less able, or less willing, to make payments on time. Even the highest quality money market instruments are subject to some credit risk.

**Government Securities Risk.** Various types of US government securities have different levels of credit risk. Credit risk is the risk that the issuer will not make principal or interest payments when they are due. Some US government securities are issued or guaranteed by the US Treasury and are supported by the full faith and credit of the United States. Other types of US government securities are supported by the full faith and credit of the United States (but not issued by the US Treasury). These securities have the lowest credit risk. Still other types of US government securities are: (1) supported by the ability of the issuer to borrow from the US Treasury; (2) supported only by the credit of the issuing agency, instrumentality or government-sponsored corporation;

(3) supported by pools of assets (e.g., mortgage-backed securities); or (4) supported by the United States in some other way. The fund may invest in securities in any of these categories. A fund may invest in securities issued by government-sponsored enterprises that, although chartered or sponsored by Acts of Congress, issue securities that are neither insured nor guaranteed by the US government. For example, debt and mortgage-backed securities issued by government-sponsored enterprises such as the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal National Mortgage Association ("Fannie Mae"), and the Federal Home Loan Banks ("FHLBs"), are neither insured nor guaranteed by the US government.

**Interest Rate Risk.** The value of money market instruments generally can be expected to fall when short-term interest rates rise and to rise when short-term interest rates fall. Interest rate risk is the risk that interest rates will rise, so that the value of the fund's investments will fall. Also, the fund's yield will tend to lag behind changes in prevailing short-term interest rates. This means that the fund's income will tend to rise more slowly than increases in short-term interest rates. Similarly, when short-term interest rates are falling, the fund's income generally will tend to fall more slowly.

**Foreign Investing Risk.** Foreign investing may involve risks relating to political, social and economic developments abroad to a greater extent than investing in the securities of US issuers. In addition, there are differences between US and foreign regulatory requirements and market practices.



## **Additional Risk**

*Structured Security Risk.* The fund may purchase securities representing interests in underlying assets, but structured to provide certain advantages not inherent in those assets (e.g., enhanced liquidity and yields linked to short-term interest rates). If those securities behaved in a way that UBS Global AM did not anticipate, or if the security structures encountered unexpected difficulties, the fund could suffer a loss.

## **Additional Information About Investment Strategies**

Like all money market funds, the fund is subject to maturity, quality and diversification requirements

designed to help it maintain a stable price of \$1.00 per share. The fund's investment strategies are designed to comply with these requirements.

UBS Global AM may use a number of professional money management techniques to respond to changing economic and money market conditions and to shifts in fiscal and monetary policy. These techniques include varying the fund's composition and weighted average maturity based upon UBS Global AM's assessment of the relative values of various money market instruments and future interest rate patterns. UBS Global AM also may buy or sell money market instruments to take advantage of yield differences.

## Managing Your Fund Account

### Buying Shares

**Introduction.** Fund shares are offered to retirement plans, including individual retirement accounts, through brokerage accounts established as retirement plan sweep accounts at UBS Financial Services Inc. or one of its correspondent firms. The types of retirement plans that are eligible to buy fund shares are described below. You can open a retirement plan sweep account by contacting your Financial Advisor.

### Automatic Deposit Account Sweep Program.

UBS Financial Services Inc. administers a bank deposit sweep program under which free cash balances in client brokerage accounts are swept into interest-bearing deposit accounts ("Deposit Account Sweep Program").

Investors who are eligible to participate in the Deposit Account Sweep Program are referred to as "eligible participants" below to distinguish them from other investors in the fund.

UBS Financial Services Inc. retirement plan sweep accounts of eligible participants automatically default to the Deposit Account Sweep Program as their primary sweep vehicle. This means that free cash balances (that is, immediately available funds) of eligible participants will be automatically deposited in bank deposit accounts, not the fund. This will occur without dollar limit, if no cap is selected by the investor. If a cap is selected, available balances in excess of such limit will be automatically invested in the fund.

UBS Financial Services Inc. will require a threshold (e.g., \$100,000 for individual ownership and \$200,000 for joint ownership accounts) before redirection of cash balances to the fund. After a cap is

reached, uninvested cash will be invested as if the investor were a "non-eligible participant." Certain limitations apply. For more information, please contact your Financial Advisor at UBS Financial Services Inc. or correspondent firm.

If you would like to place a limit on the amount of available cash that defaults to the Deposit Account Sweep Program, contact your Financial Advisor or correspondent firm.

**Background Information.** Your order to purchase fund shares will be effective on the business day on which federal funds become available to the fund. Federal funds are funds deposited by a commercial bank in an account at a Federal Reserve Bank that can be transferred to a similar account of another bank in one day and thus can be made immediately available to the fund. A business day is any day that the Boston offices of the fund's custodian and the New York City offices of UBS Financial Services Inc. and its bank are all open for business. One or more of these institutions will be closed on the observance of the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day.

The fund has adopted a plan under rule 12b-1 under which the fund pays fees for services provided to its shareholders at the annual rate of 0.125% of its average net assets.

The fund, UBS Financial Services Inc. and UBS Global AM have the right to reject a purchase order and to suspend the offering of the fund's shares for a period of time or permanently.

## Minimum Investments

There is a \$25 minimum for the first purchase and no minimum for subsequent purchases. The fund may change its minimum investment requirements at any time.

## Buying Shares Automatically

**Non-Eligible Participants.** You must open your fund account with an initial investment of \$25 or more. Once your fund account is opened, immediately available funds in your retirement plan sweep account are automatically invested in the fund on a daily basis for settlement the next business day, when federal funds normally are available. For cash balances arising from the sale of securities held in a retirement plan sweep account, federal funds availability can sometimes take longer. This sweep will not take place if the fund account value after the investment would be less than \$25.

**Eligible Participants.** UBS Financial Services Inc. retirement plan sweep accounts will automatically default to the Deposit Account Sweep Program as noted above. If a dollar limit cap is selected, available balances in excess of such cap will be automatically invested in fund shares.

## Buying Shares by Check

You may buy fund shares by depositing a check from a US bank into your retirement plan sweep account. You should make your check payable to UBS Retirement Money Fund and include your retirement plan sweep account number on the check. Only non-eligible participants (and eligible participants who are purchasing fund shares in excess of a cap on investments in the Deposit Account Sweep Program) may buy shares by check.

Federal funds are deemed available to the fund two business days after the deposit of a personal check and one business day after deposit of a cashier's or certified check. UBS Financial Services Inc. may benefit from the temporary use of the proceeds of personal checks if they are converted to federal funds in less than two business days.

## Buying Shares by Wire

You may buy fund shares by instructing your bank to transfer federal funds by wire to:

UBS AG  
ABA 026007993  
UBS Financial Services Inc.—Retirement  
Money Fund  
A/C 101WA258640000  
[Account Name]/[Brokerage Account Number]

The wire must include your name and retirement plan brokerage account number. Only non-eligible participants (and eligible participants who are purchasing fund shares in excess of a cap on investments in the Deposit Account Sweep Program) may buy shares by wire. Investors wishing to transfer federal funds directly into their retirement plan sweep accounts should contact their UBS Financial Services Inc. Financial Advisors or correspondent firms for appropriate wire instructions.

If UBS Financial Services Inc. receives funds in the account for a purchase of fund shares by 12:00 noon, Eastern time, on a business day, UBS Financial Services Inc. will execute the purchase on that day. Otherwise, UBS Financial Services Inc. will execute the order on the next business day. UBS Financial Services Inc. and/or your bank may impose a service charge for wire purchases.

## Retirement Plans Eligible to Buy Fund Shares

Retirement plans available through UBS Financial Services Inc. that are eligible to buy fund shares

(subject to the Deposit Account Sweep Program noted above) include:

- individual retirement accounts (e.g., traditional, rollover and “SIMPLE” IRAs);
- simplified employee pension plans;
- cash or deferred arrangements (*i.e.*, 401(k) plans, including SIMPLE 401(k) plans);
- profit sharing plans;
- money purchase plans;
- defined benefit plans;
- target benefit plans; and
- self-employed plans (*i.e.*, “Keoghs”).

Other retirement plans also may hold assets in custody at UBS Financial Services Inc. or its correspondent firms and may be eligible to buy fund shares. Contact your Financial Advisor for more information regarding these retirement plans.

Although the amount that you may contribute to a retirement plan in any one year is subject to certain limitations, you may invest and reinvest assets already held in a retirement plan without regard to these limitations.

If UBS Financial Services Inc., UBS Global AM, UBS Fiduciary Trust Company or any of their affiliates serve as investment manager for, provide investment advice to, or otherwise are fiduciaries within the meaning of the Employee Retirement Income Security Act or the Internal Revenue Code, to the retirement plan, the plan may not buy fund shares. This prohibition does not include retirement plans for which UBS Financial Services Inc., UBS Global AM, UBS Fiduciary Trust Company or an affiliate may be considered a fiduciary solely because it sponsors a master or prototype plan or because it provides nondiscretionary trust services to a retirement plan.

## Selling Shares

You may sell your shares by contacting your Financial Advisor. Your fund shares will also be sold automatically to settle any outstanding securities purchases or other debits to your retirement plan sweep account, unless you instruct your Financial Advisor otherwise. Some investors may also be able to use the check-writing service to sell shares.

If you are a participant in the Deposit Account Sweep Program and also own shares of the fund, shares of the fund are always sold first to settle any outstanding securities purchases or other debits to your retirement plan sweep account. If there are insufficient amounts in the fund, then cash withdrawals will be made from your bank deposit account to satisfy the debits.

If the proceeds from selling your fund shares remain in the retirement plan sweep account, the adverse tax consequences described below for certain retirement plan distributions will not occur.

## More Information Regarding “Eligible Participants.”

Eligible participants are individuals, sole proprietors and governmental entities. Custodial and trust accounts are also Eligible Participants if each beneficiary is an Eligible Participant. “Eligible Participants” do not include participants that are (a) organized or operated to make a profit such as corporations, partnerships, associations, business trusts or other organizations, (b) nonprofit organizations, including organizations described in sections 501(c)(3) through (13) and (19) of the Internal Revenue Code of 1986, as amended, (c) estates, (d) enrolled in UBS Financial Services Inc. Investment Consulting Services programs (other than InsightOne<sup>SM</sup> and Employee Self Directed Accounts) or Private Wealth Solutions<sup>SM</sup>, (e) not resident in the United States or (f) retirement plans qualified under Section 401(a) or Section 403(b)(7) of the Internal Revenue Code of 1986, as amended, or

under any other employee retirement or welfare plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

## **Additional Information About Your Account**

It costs the fund money to maintain shareholder accounts. Therefore, the fund reserves the right to repurchase all shares in any account that has a net asset value of less than \$250. If the fund elects to do this with your account, it will notify you that you can increase the amount invested to \$250 or more within 60 days. This notice may appear on your account statement. Investors participating in the Deposit Account Sweep Program who wish to increase their fund account balance to \$250 or more will need to select a cap on the level of free cash balances swept into the deposit accounts and add sufficient cash to their brokerage accounts so that both the deposit account cap and this minimum are met. If the deposit account cap and fund minimum are not met, the proceeds from the sale of fund shares will be deposited in the investor's brokerage account and swept into the deposit account.

If you sell all your shares, you will receive cash credits to your retirement plan sweep account for dividends earned on those shares to the date of sale.

If you want to sell shares that you purchased recently, the fund may delay payment to assure that it has received good payment. If you bought shares by check, this can take up to 15 days.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. If you do not provide the information requested, the fund may not be able to maintain your account. If the fund is unable to verify your identity or that of another person(s) authorized

to act on your behalf, the fund and UBS Global AM reserve the right to close your account and/or take such other action they deem reasonable or required by law. Fund shares will be redeemed and valued in accordance with the net asset value next calculated after the determination has been made to close the account.

You will receive confirmation of your purchases and sales of fund shares on periodic account statements. These periodic statements may be sent monthly except that, if your only fund activity in a quarter was reinvestment of dividends, the activity may be reported on a quarterly rather than a monthly statement.

## **Retirement Plan Withdrawals**

A participant's withdrawals from a retirement plan are generally taxable as ordinary income for federal income tax purposes unless they are rolled over tax-free to another eligible retirement plan. Withdrawals prior to the time the participant reaches age 59½, becomes permanently disabled or, for certain employer-sponsored plans, is separated from service of the employer who sponsored the plan after reaching age 55, may be subject to an additional 10% penalty tax. Certain distributions from qualified plans which are eligible for rollover treatment will be subject to mandatory 20% withholding if not directly rolled over to an eligible retirement plan. You should consult your tax adviser concerning the timing and tax consequences of withdrawals from your retirement plan and whether an exemption from the 10% penalty tax might apply. The plan administrator of a qualified plan is required to provide plan participants with a written explanation of the participant's right to make a direct rollover of eligible distributions and the withholding consequences of not doing so. Sales of your fund shares through the fund's checkwriting service or systematic withdrawal plan, described below, are treated for federal income tax purposes as taxable withdrawals from your retirement plan and are reported as such to the Internal Revenue

Service. As a result, any of these actions could have adverse tax consequences.

You may use the fund's checkwriting services or systematic withdrawal plan only if:

- you are eligible for distributions from your retirement plan;
- your retirement plan permits participants to direct the investment of their retirement plan balances; and
- you are at least 59½ years old or, for certain employer-sponsored plans, you have reached at least age 55 and are separated from service of the employer who sponsored the plan.

For retirement plans that do not permit participants to direct the investment of their plan balances, only the plan fiduciary with investment responsibility may use the checkwriting service or participate in the fund's systematic withdrawal plan.

You may obtain more information about these programs and obtain the forms needed to participate from your Financial Advisor.

UBS Financial Services Inc. may modify or terminate the checkwriting service or systematic withdrawal plan (discussed below) at any time or impose service fees for these programs.

**Checkwriting Service.** If you are approved for distributions you may elect to establish checkwriting privileges on your account. Checks may be written for any dollar amount.

Checks will be cleared against the "total withdrawal limit" of a shareholder's UBS Financial Services Inc. brokerage account. The withdrawal limit includes uninvested cash in the brokerage account and balances in money funds or other sweep options.

The date on which the fund's transfer agent or UBS Financial Services Inc. processes the check, not the

date you write on it, determines the year in which the distribution is reported to the Internal Revenue Service. If you must take annual required distributions by December 31 in a given year, you need to allow sufficient time for processing your check.

Shareholders will receive copies of their canceled checks. If you have insufficient funds in your account, the check will be returned to the payee. You should not attempt to sell all the shares in your fund account by writing a check because the amount of fund shares is likely to change each day. You also should not use the checks to transfer money from a retirement sweep account to another account, correct excess contributions to a retirement plan or withdraw amounts classified as voluntary contributions to a retirement plan. Your checks may not be used to purchase securities in transactions with UBS Financial Services Inc., written for cash or used to close your account. All sales of fund shares by check will be reported to the Internal Revenue Service as taxable distributions. Charges may be imposed for specially imprinted checks, additional copies of canceled checks, stop payment orders and checks returned for insufficient funds. Charges that you do not otherwise pay may be satisfied through the automatic sale of an appropriate number of your fund shares or a charge against your brokerage account. There will be no withholding election for checks written against your account. To establish checking or request a reorder contact your Financial Advisor.

**Systematic Withdrawal Plan.** Systematic Withdrawal Plans may be established to deduct funds from your withdrawal limit on your UBS Financial Services Inc. brokerage account for a specified dollar amount, weekly, semi-monthly, monthly, quarterly or semi-annually or annually. The minimum withdrawal amounts under the systematic withdrawal plan are \$1.00. The systematic withdrawal check will be mailed directly to your address

of record or deposited into a non-retirement plan account held at UBS Financial Services Inc. Participation in the plan may result in the automatic sale of a portion of your shares in the fund.

**Market Timing.** Frequent purchases and redemptions of fund shares could increase the fund's transaction costs, such as market spreads and custodial fees, and may interfere with the efficient management of the fund's portfolio, which could impact the fund's performance. However, money market funds are generally used by investors for short-term investments, often in place of bank checking or savings accounts or for cash management purposes. Investors value the ability to add and withdraw their funds quickly, without restriction. UBS Global AM anticipates that shareholders will purchase and sell fund shares frequently because the fund is designed to offer investors a liquid cash option. UBS Global AM also believes that money market funds, such as the fund, are not targets of abusive trading practices because money market funds seek to maintain a \$1.00 per share price and typically do not fluctuate in value based on market prices. For these reasons, the Board has not adopted policies and procedures, or imposed redemption fees or other restrictions such as minimum holding periods, to discourage excessive or short-term trading of fund shares.

## Management

### Investment Advisor and Sub-Advisor

UBS Financial Services Inc. is the fund's investment advisor and administrator. UBS Financial Services Inc. is a Delaware corporation located at 1285 Avenue of the Americas, New York, New York, 10019-6028. UBS Global Asset Management (US) Inc. ("UBS Global AM") is the fund's principal underwriter, sub-adviser and sub-administrator.

Other UBS Global AM funds that are not money market funds have approved policies and procedures designed to discourage and prevent abusive trading practices. For more information about market timing policies and procedures for another UBS Global AM fund, please see that fund's prospectus.

### Pricing and Valuation

The price of fund shares is based on net asset value. The net asset value per share is the total value of the fund divided by the total number of shares outstanding. In determining net asset value, the fund values its securities at their amortized cost. This method uses a constant amortization to maturity of the difference between the cost of the instrument to the fund and the amount due at maturity. The fund's net asset value per share is expected to be \$1.00, although this value is not guaranteed.

The fund typically calculates net asset value per share once each business day at 12:00 noon, Eastern time. Your price for buying or selling shares will be the net asset value that is next calculated after the fund receives your order in good form. Your Financial Advisor is responsible for making sure that your order is promptly sent to the fund when shares are purchased other than through the automatic program described above.

UBS Global AM is a Delaware corporation located at 51 West 52<sup>nd</sup> Street, New York, New York 10019-6114. UBS Financial Services Inc. and UBS Global AM are investment advisers registered with the US Securities and Exchange Commission. UBS Financial Services Inc. and UBS Global AM are indirect, wholly owned subsidiaries of UBS AG ("UBS"). As of June 30, 2005, UBS Global AM had



approximately \$50.1 billion in assets under management. UBS Global AM is a member of the UBS Global Asset Management Division, which had approximately \$535.3 billion in assets under management worldwide as of June 30, 2005. UBS is an internationally diversified organization headquartered in Zurich, Switzerland with operations in many areas of the financial services industry.

## Advisory Fees

The fund paid advisory and administration fees to UBS Financial Services Inc. for the fiscal year ended June 30, 2005 at the effective annual rate of 0.43% of its average daily net assets.

## Dividends and Taxes

### Dividends

The fund declares dividends daily and pays them monthly. The fund may distribute all or a portion of its short-term capital gains (if any) to the extent required to ensure that the fund maintains its federal tax law status as a regulated investment company. The fund will also distribute all or a portion of its short-term capital gains to the extent necessary to maintain its share price at \$1.00.

You will receive dividends in additional shares of the fund. Shares earn dividends on the day they are purchased but not on the day they are sold.

The fund notifies its shareholders following the end of each calendar year of the amount of all dividends paid that year.

### Taxes

Retirement plan participants ordinarily do not pay taxes on dividends they receive on fund shares until they withdraw the proceeds from the plan.

Generally, withdrawals from a retirement plan will be taxable as ordinary income. Withdrawals will be subject to an additional tax equal to 10% of the amount distributed unless the withdrawals are used

to pay certain higher education expenses, certain acquisition costs of first-time home buyers, or in certain situations, are made after the participant:

- reaches age 59½;
- becomes permanently disabled; or
- for certain employer-sponsored plans, reaches at least age 55 and separates from service of the employer who sponsored the plan.

You should consult your tax adviser concerning the timing and tax consequences of withdrawals from your retirement plan.

The failure of a retirement plan to make sufficient distributions to a participant after the participant reaches age 70½ may be subject to an excise tax. Moreover, certain contributions to a retirement plan in excess of the amounts permitted by law may be subject to an excise tax.

If you hold fund shares other than through a retirement account or plan, the dividends that you receive from the fund generally are subject to federal income tax regardless of whether you receive them



in additional fund shares or in cash. For these shareholders, the fund expects that its dividends will be taxed as ordinary income.

Although dividends are generally treated as taxable to you in the year they are paid, dividends declared in October, November or December but paid in January are taxable as if they were paid in December.

The fund may be required to withhold a 28% federal tax on all dividends payable to you

- if you fail to provide the fund or UBS Financial Services Inc. with your correct tax payer identification number on Form W-9 (for US citizens and resident aliens) or to make required certifications, or

- if you have been notified by the IRS that you are subject to backup withholding.

Taxable distributions to non-residents may be subject to a 30% withholding tax. Distributions to non-residents of short-term capital gains and interest income are expected to be subject to withholding tax because certain detailed information necessary for an exemption is not maintained or expected to be available.

The above is a general and abbreviated discussion of certain tax considerations, and each investor is advised to consult with his or her own tax advisor. There is additional information on taxes in the fund's SAI.

## Disclosure of Portfolio Holdings

The fund will file its complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's complete schedule of portfolio holdings for the second and fourth quarters of each fiscal year is included in its semiannual and annual reports to shareholders and is filed with the SEC on Form N-CSR. The fund's Forms N-Q and Forms N-CSR are available on the SEC's Web site at <http://www.sec.gov>. The fund's Forms N-Q and Forms N-CSR may be

reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-800-942 8090. Additionally, you may obtain copies of Forms N-Q and annual and semiannual reports to shareholders from the fund upon request by calling 1-800-647 1568. Please consult the fund's Statement of Additional Information ("SAI") for a description of the policies and procedures that govern disclosure of the fund's portfolio holdings.

## Financial Highlights

The following financial highlights table is intended to help you understand the fund's financial performance for the past 5 years. Certain information reflects financial results for a single fund share. In the tables, "total investment return" represents the rate that an investor would have earned on an investment in the fund (assuming reinvestment of all dividends and distributions).

The information in the financial highlights has been audited by Ernst & Young LLP, independent registered public accounting firm, whose report, along with the fund's financial statements, is included in the fund's annual report to shareholders. The annual report may be obtained without charge by calling 1-800-647 1568.

	For the Years Ended June 30,				
	2005	2004	2003	2002	2001
<b>Net asset value, beginning of year . .</b>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
Net investment income . . . . .	0.014	0.003	0.008	0.020	0.053
Dividends from net investment income . .	(0.014)	(0.003)	(0.008)	(0.020)	(0.053)
<b>Net asset value, end of year . . . . .</b>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
<b>Total investment return(1) . . . . .</b>	<u>1.38%</u>	<u>0.30%</u>	<u>0.83%</u>	<u>2.04%</u>	<u>5.45%</u>
<b>Ratios/Supplemental data:</b>					
Net assets, end of year (in millions) . . . .	\$1,917	\$2,982	\$7,134	\$6,674	\$6,255
Expenses to average net assets . . . . .	0.83%	0.79%	0.76%	0.74%	0.71%
Net investment income to average net assets . . . . .	1.29%	0.30%	0.82%	1.99%	5.27%

(1) Total investment return is calculated assuming a \$10,000 investment on the first day of each year reported, reinvestment of all dividends and other distributions, if any, at net asset value on the payable dates, and a sale at net asset value on the last day of each year reported. Returns do not reflect the deduction of taxes that a shareholder could pay on fund distributions.

If you want more information about the fund, the following documents are available free upon request:

### **Annual/Semiannual Reports**

Additional information about the fund's investments is available in its annual and semiannual reports to shareholders.

### **Statement of Additional Information (SAI)**

The SAI provides more detailed information about the fund and is incorporated by reference into this prospectus (*i.e.*, it is legally a part of this prospectus).

You may discuss your questions about the fund by contacting your Financial Advisor. You may obtain free copies of the fund's annual and semiannual reports and its SAI by contacting the fund directly at 1-800-647 1568. You may also request other information about the fund and make shareholder inquiries via this number. The fund does not make its SAI and shareholder report available online because (1) it is a money market fund, (2) it does not have its own Web site, and (3) its advisor and sub-advisor do not make such documents for money market funds available on their Web sites.

You may review and copy information about the fund, including shareholder reports and the SAI, at the Public Reference Room of the Securities and Exchange Commission. You may obtain information about the operations of the SEC's Public Reference Room by calling the SEC at 1-202-942 8090. You can get copies of reports and other information about the fund:

- For a fee, by electronic request at [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102; or
- Free from the EDGAR Database on the SEC's Internet Web site at: <http://www.sec.gov>

# UBS Retirement Money Fund

## Prospectus

UBS RMA Money Fund Inc.  
—UBS Retirement Money Fund  
Investment Company Act File No. 811-3503

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## UBS RMA

### Money Market Portfolio

### U.S. Government Portfolio

### Tax-Free Fund

### California Municipal Money Fund

### New Jersey Municipal Money Fund

### New York Municipal Money Fund

## Prospectus

August 30, 2005

This prospectus offers shares of these money market funds primarily to participants in the UBS Financial Services Inc. Resource Management Account® (RMA®) Program, the UBS Financial Services Inc. Business Services Account BSA® Program and certain UBS Financial Services Inc. advisory programs.

As with all mutual funds, the Securities and Exchange Commission has not approved or disapproved the funds' shares or determined whether this prospectus is complete or accurate. To state otherwise is a crime.

**Not FDIC Insured. May lose value. No bank guarantee.**

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<p><b>The funds are not complete or balanced investment programs.</b></p>
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## Investment Objective, Strategies and Risks

### Fund Objective

Maximum current income consistent with liquidity and conservation of capital.

### Principal Investment Strategies

The fund is a money market fund and seeks to maintain a stable price of \$1.00 per share. To do this, the fund invests in a diversified portfolio of high quality money market instruments of governmental and private issuers.

Money market instruments generally are short-term debt obligations and similar securities. They also may include longer-term bonds that have variable interest rates or other special features that give them the financial characteristics of short-term debt. The fund invests in foreign money market instruments only if they are denominated in US dollars.

UBS Financial Services Inc., the fund's investment advisor, has appointed UBS Global Asset Management (US) Inc. ("UBS Global AM") to serve as the fund's sub-advisor. UBS Global AM selects money market instruments for the fund based on its assessment of relative values and changes in market and economic conditions. UBS Global AM considers safety of principal and liquidity in selecting securities for the fund and thus may not buy securities that pay the highest yield.

### Principal Risks

An investment in the fund is not a bank deposit and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While the fund seeks to maintain the value of your investment at \$1.00 per share, you may lose money by investing in the fund. Money market instruments generally have a low risk of loss, but they are not risk-free. The principal risks presented by an investment in the fund are:

- *Credit Risk*—Issuers of money market instruments may fail to make payments when due, or they may become less willing or less able to do so.
- *Interest Rate Risk*—The value of the fund's investments generally will fall when short-term interest rates rise, and its yield will tend to lag behind prevailing rates.
- *Foreign Investing Risk*—The value of the fund's investments in foreign securities may fall due to adverse political, social and economic developments abroad. However, because the fund's foreign investments must be denominated in US dollars, it generally is not subject to the risk of changes in currency valuations.
- *Government Securities Risk*—There are different types of US government securities with different levels of credit risk. Some US government securities are issued or guaranteed by the US Treasury and are supported by the full faith and credit of the United States. Other types of US government securities are supported by the full faith and credit of the United States (but not issued by the

US Treasury). These securities have the lowest credit risk. Still other types of US government securities are: (1) supported by the ability of the issuer to borrow from the US Treasury; (2) supported only by the credit of the issuing agency, instrumentality or government-sponsored corporation; (3) supported by pools of assets (e.g., mortgage-backed securities); or (4) supported by the United States in some other way. Certain US government securities are riskier than others. The relative level of risk depends on the nature of the particular security. A US government-sponsored entity, although chartered or sponsored by an Act of Congress, may issue securities that are neither insured nor guaranteed by the US Treasury and are riskier than those that are.

More information about risks of an investment in the fund is provided below in "More About Risks and Investment Strategies."

Performance

Risk/Return Bar Chart and Table

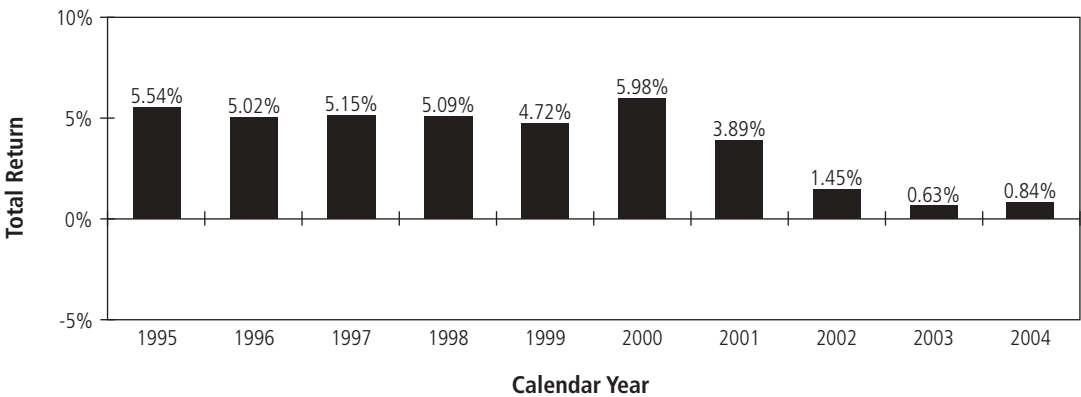
The following bar chart and table provide information about the fund’s performance and thus give some indication of the risks of an investment in the fund.

The bar chart shows how the fund’s performance has varied from year to year. The table that follows

the bar chart shows the average annual returns over various time periods for the fund’s shares.

The fund’s past performance does not necessarily indicate how the fund will perform in the future.

Total Return



Total return January 1 to June 30, 2005—1.07%  
Best quarter during years shown: 3rd quarter, 2000—1.55%  
Worst quarter during years shown: 3rd quarter, 2003—0.12%

Average Annual Total Returns  
as of December 31, 2004

One Year	0.84%
Five Years	2.54%
Ten Years	3.81%



Expenses and Fee Tables

<b>Fees and Expenses</b> These tables describe the fees and expenses that you may pay if you buy and hold shares of the fund.	
<b>Shareholder Transaction Expenses</b> (fees paid directly from your investment when you buy or sell fund shares and account fees):	
Maximum Sales Charge (Load) Imposed on Purchases (as a % of offering price)	None
Maximum Deferred Sales Charge (Load) (as a % of offering price)	None
Maximum Account Fee*	
UBS Financial Services Inc. RMA Program	\$125
UBS Financial Services Inc. Business Services Account BSA Program	\$150
<b>Annual Fund Operating Expenses</b> (expenses that are deducted from fund assets):	
Management Fees	0.50%
Service (12b-1) Fees	None
Other Expenses	
Service (non-12b-1) Fees	0.13%**
Miscellaneous Expenses	0.08%
	0.21%
Total Annual Fund Operating Expenses	0.71%
Fee Waiver/Expense Reimbursement	0.13%***
Net Expenses	0.58%

\* Additional fees may apply for optional RMA/Business Services Account BSA services. Please refer to the Account Information Booklet or speak with your Financial Advisor.

\*\* The current rate is 0.125% but has been rounded to 0.13% for purposes of the table.

\*\*\* Effective July 1, 2005, the fund and UBS Financial Services Inc. have entered into a written fee waiver agreement pursuant to which UBS Financial Services Inc. is contractually obligated to waive a portion of its management fees and/or reimburse the fund so that the fund's aggregate management and service fees do not exceed 0.50%, for as long as the shareholder services plan between the fund and UBS Global AM remains in effect. In addition, UBS Financial Services Inc. may voluntarily waive fees or reimburse fund expenses from time to time. Once started, there is no guarantee that UBS Financial Services Inc. will continue to voluntarily waive an additional portion of its fees or reimburse expenses. Waivers/reimbursements may impact the fund's performance.

Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.

This example assumes that you invest \$10,000 in the fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain at the net expense levels shown in the table above. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 year	3 years	5 years	10 years
\$59	\$186	\$324	\$726

This example does not reflect RMA/Business Services Account BSA program fees.

## Investment Objective, Strategies and Risks

### Fund Objective

Maximum current income consistent with liquidity and conservation of capital.

### Principal Investment Strategies

The fund is a money market fund and seeks to maintain a stable price of \$1.00 per share. To do this, the fund invests in a diversified portfolio of high quality, US government money market instruments and in related repurchase agreements.

Money market instruments generally are short-term debt obligations and similar securities. They also may include longer-term bonds that have variable interest rates or other special features that give them the financial characteristics of short-term debt. Under normal circumstances, the fund invests at least 80% of its net assets in US government securities, including government securities subject to repurchase agreements. Many US government money market instruments pay income that is generally exempt from state and local income tax, although it may be subject to corporate franchise tax in some states.

The fund may invest a significant percentage of its assets in repurchase agreements. Repurchase agreements are transactions in which the fund purchases government securities and simultaneously commits to resell them to the same counterparty at a future time and at a price reflecting a market rate of interest. Income from repurchase agreements may not be exempt from state and local income taxation. Repurchase agreements often offer a higher yield than investments directly in government securities.

In deciding whether an investment in a repurchase agreement is more attractive than a direct investment in government securities, the fund considers the possible loss of this tax advantage.

UBS Financial Services Inc., the fund's investment advisor, has appointed UBS Global Asset Management (US) Inc. ("UBS Global AM") to serve as the fund's sub-advisor. UBS Global AM selects money market instruments for the fund based on its assessment of relative values and changes in market and economic conditions.

### Principal Risks

An investment in the fund is not a bank deposit and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While the fund seeks to maintain the value of your investment at \$1.00 per share, you may lose money by investing in the fund. Money market instruments generally have a low risk of loss, but they are not risk-free. The principal risks presented by an investment in the fund are:

- *Credit Risk*—Issuers of money market instruments may fail to make payments when due, or they may become less willing or less able to do so.
- *Government Securities Risk*—There are different types of US government securities with different levels of credit risk. Some US government securities are issued or guaranteed by the US Treasury and are supported by the full faith and credit of the United States. Other types of US government securities are supported by the full faith and credit of the United States (but not issued by the

US Treasury). These securities have the lowest credit risk. Still other types of US government securities are: (1) supported by the ability of the issuer to borrow from the US Treasury; (2) supported only by the credit of the issuing agency, instrumentality or government-sponsored corporation; (3) supported by pools of assets (e.g., mortgage-backed securities); or (4) supported by the United States in some other way. Certain US government securities are riskier than others. The relative level of risk depends on the nature of the particular security. A US government-sponsored entity, although chartered or sponsored by an Act of Congress, may issue securities that are neither insured nor guaranteed by the US Treasury and are riskier than those that are.

- *Interest Rate Risk*—The value of the fund's investments generally will fall when short-term interest rates rise, and its yield will tend to lag behind prevailing rates.

More information about risks of an investment in the fund is provided below in "More About Risks and Investment Strategies."

Performance

Risk/Return Bar Chart and Table

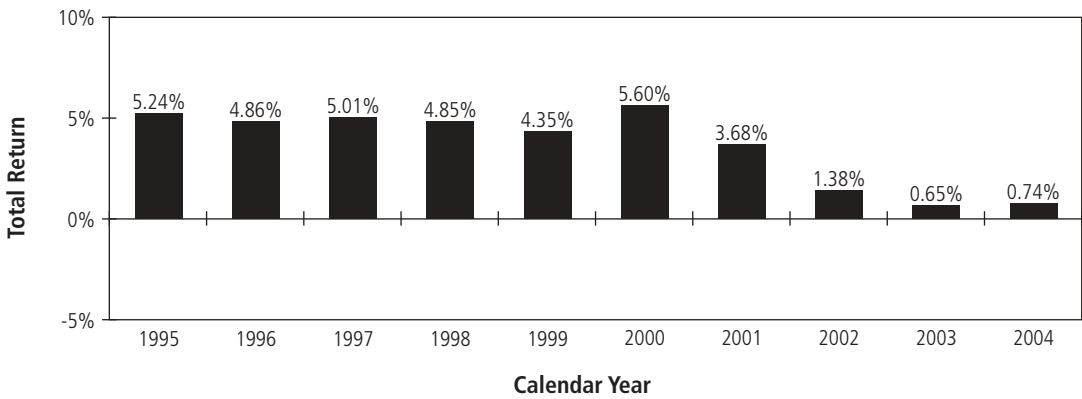
The following bar chart and table provide information about the fund's performance and thus give some indication of the risks of an investment in the fund.

The bar chart shows how the fund's performance has varied from year to year. The table that follows

the bar chart shows the average annual returns over various time periods for the fund's shares.

The fund's past performance does not necessarily indicate how the fund will perform in the future.

Total Return



Total return January 1 to June 30, 2005—0.99%  
Best quarter during years shown: 4th quarter, 1997—1.56%  
Worst quarter during years shown: 2nd quarter, 2004—0.11%

Average Annual Total Returns  
as of December 31, 2004

One Year	0.74%
Five Years	2.39%
Ten Years	3.62%

Expenses and Fee Tables

**Fees and Expenses** These tables describe the fees and expenses that you may pay if you buy and hold shares of the fund.

**Shareholder Transaction Expenses** (fees paid directly from your investment when you buy or sell fund shares and account fees):

Maximum Sales Charge (Load) Imposed on Purchases (as a % of offering price)	None
Maximum Deferred Sales Charge (Load) (as a % of offering price)	None
Maximum Account Fee*	
UBS Financial Services Inc. RMA Program	\$125
UBS Financial Services Inc. Business Services Account BSA Program	\$150

**Annual Fund Operating Expenses** (expenses that are deducted from fund assets):

Management Fees	0.43%
Service (12b-1) Fees	0.13%**
Other Expenses	0.05%
Total Annual Fund Operating Expenses***	0.61%

- \* Additional fees may apply for optional RMA/Business Services Account BSA services. Please refer to the Account Information Booklet or speak with your Financial Advisor.
- \*\* The current rate is 0.125% but has been rounded to 0.13% for purposes of the table.
- \*\*\* UBS Financial Services Inc. may voluntarily waive fees or reimburse fund expenses from time to time. Once started, there is no guarantee that UBS Financial Services Inc. will continue to voluntarily waive a portion of its fees or reimburse expenses. Waivers/reimbursements may impact the fund’s performance.

Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.

This example assumes that you invest \$10,000 in the fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the fund’s operating expenses remain at the levels shown in the table above. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$62	\$195	\$340	\$762

This example does not reflect RMA/Business Services Account BSA program fees.

## Investment Objective, Strategies and Risks

### Fund Objective

Maximum current income exempt from federal income tax consistent with liquidity and conservation of capital.

### Principal Investment Strategies

The fund is a money market fund and seeks to maintain a stable price of \$1.00 per share. To do this, the fund invests in a diversified portfolio of high quality, municipal money market instruments.

Money market instruments generally are short-term debt obligations and similar securities. They also may include longer-term bonds that have variable interest rates or other special features that give them the financial characteristics of short-term debt. Under normal circumstances, the fund will invest at least 80% of its net assets in investments, the income from which is exempt from federal income tax. While the fund normally does not do so, it may invest in securities that are subject to the federal alternative minimum tax. If the fund were to do so, under normal circumstances, the fund may invest only up to 20% of its net assets in municipal securities that pay interest that is an item of tax preference for purposes of the alternative minimum tax.

UBS Financial Services Inc., the fund's investment advisor, has appointed UBS Global Asset Management

(US) Inc. ("UBS Global AM") to serve as the fund's sub-advisor. UBS Global AM selects money market instruments for the fund based on its assessment of relative values and changes in market and economic conditions.

### Principal Risks

An investment in the fund is not a bank deposit and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While the fund seeks to maintain the value of your investment at \$1.00 per share, you may lose money by investing in the fund. Money market instruments generally have a low risk of loss, but they are not risk-free. The principal risks presented by an investment in the fund are:

- *Credit Risk*—Issuers of money market instruments may fail to make payments when due, or they may become less willing or less able to do so.
- *Interest Rate Risk*—The value of the fund's investments generally will fall when short-term interest rates rise, and its yield will tend to lag behind prevailing rates.

More information about risks of an investment in the fund is provided below in "More About Risks and Investment Strategies."

Performance

Risk/Return Bar Chart and Table

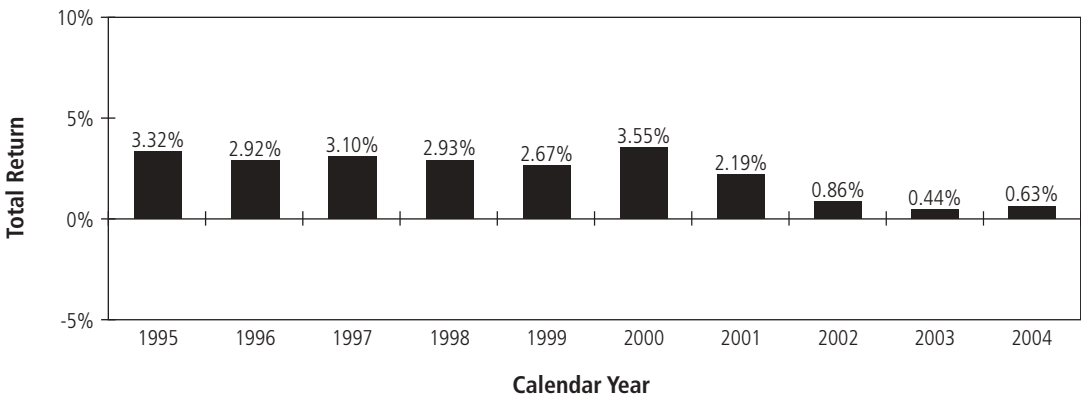
The following bar chart and table provide information about the fund's performance and thus give some indication of the risks of an investment in the fund.

The bar chart shows how the fund's performance has varied from year to year. The table that follows

the bar chart shows the average annual returns over various time periods for the fund's shares.

The fund's past performance does not necessarily indicate how the fund will perform in the future.

Total Return



Total return January 1 to June 30, 2005—0.81%  
Best quarter during years shown: 4th quarter, 1997—0.99%  
Worst quarter during years shown: 3rd quarter, 2003—0.07%

Average Annual Total Returns  
as of December 31, 2004

One Year	0.63%
Five Years	1.53%
Ten Years	2.26%

## Expenses and Fee Tables

**Fees and Expenses** These tables describe the fees and expenses that you may pay if you buy and hold shares of the fund.

**Shareholder Transaction Expenses** (fees paid directly from your investment when you buy or sell fund shares and account fees):

Maximum Sales Charge (Load) Imposed on Purchases (as a % of offering price)	None
Maximum Deferred Sales Charge (Load) (as a % of offering price)	None
Maximum Account Fee*	
UBS Financial Services Inc. RMA Program	\$125
UBS Financial Services Inc. Business Services Account BSA Program	\$150

**Annual Fund Operating Expenses** (expenses that are deducted from fund assets):

Management Fees	0.41%
Service (12b-1) Fees	0.13%**
Other Expenses	<u>0.05%</u>
Total Annual Fund Operating Expenses***	<u>0.59%</u>

- 
- \* Additional fees may apply for optional RMA/Business Services Account BSA services. Please refer to the Account Information Booklet or speak with your Financial Advisor.
  - \*\* The current rate is 0.125% but has been rounded to 0.13% for purposes of the table.
  - \*\*\* UBS Financial Services Inc. may voluntarily waive fees or reimburse fund expenses from time to time. Once started, there is no guarantee that UBS Financial Services Inc. will continue to voluntarily waive a portion of its fees or reimburse expenses. Waivers/reimbursements may impact the fund’s performance.

### Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.

This example assumes that you invest \$10,000 in the fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the fund’s operating expenses remain at the levels shown in the table above. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$60	\$189	\$329	\$738

This example does not reflect RMA/Business Services Account BSA program fees.



## Investment Objective, Strategies and Risks

### Fund Objective

Maximum current income exempt from federal income tax and California personal income tax consistent with liquidity and conservation of capital.

### Principal Investment Strategies

The fund is a money market fund and seeks to maintain a stable price of \$1.00 per share. To do this, the fund invests in a diversified portfolio of high quality money market instruments that are exempt from both federal income tax and California personal income tax.

Money market instruments generally are short-term debt obligations and similar securities. They also may include longer-term bonds that have variable interest rates or other special features that give them the financial characteristics of short-term debt. Under normal circumstances, the fund will invest at least 80% of its net assets in California municipal securities. "California municipal securities" are securities issued by or on behalf of the State of California, its municipalities and public authorities and certain other issuers that pay interest that is exempt from federal income tax as well as California personal income tax. While the fund normally does not do so, it may invest in securities that are subject to the federal alternative minimum tax. If the fund were to do so, under normal circumstances, the fund may invest only up to 20% of its net assets in California municipal securities that pay interest that is an item of tax preference for purposes of the alternative minimum tax.

UBS Financial Services Inc., the fund's investment advisor, has appointed UBS Global Asset Management (US) Inc. ("UBS Global AM") to serve as the fund's sub-advisor. UBS Global AM selects money market instruments for the fund based on its

assessment of relative values and changes in market and economic conditions.

### Principal Risks

An investment in the fund is not a bank deposit and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While the fund seeks to maintain the value of your investment at \$1.00 per share, you may lose money by investing in the fund. Money market instruments generally have a low risk of loss, but they are not risk-free. The principal risks presented by an investment in the fund are:

- *Credit Risk*—Issuers of money market instruments may fail to make payments when due, or they may become less willing or less able to do so.
- *Interest Rate Risk*—The value of the fund's investments generally will fall when short-term interest rates rise, and its yield will tend to lag behind prevailing rates.
- *Single State Concentration Risk*—Because the fund invests substantially all of its assets in California municipal money market instruments, its performance will be more severely affected by unfavorable political or economic conditions in California than a more geographically diverse fund.
- *Related Securities Concentration Risk*—Because the fund may invest more than 25% of its total assets in municipal money market instruments that are issued to finance similar projects, certain economic, business or political developments or changes that affect one municipal security also may affect other municipal securities in the same sector.

More information about risks of an investment in the fund is provided below in "More About Risks and Investment Strategies."

Performance

Risk/Return Bar Chart and Table

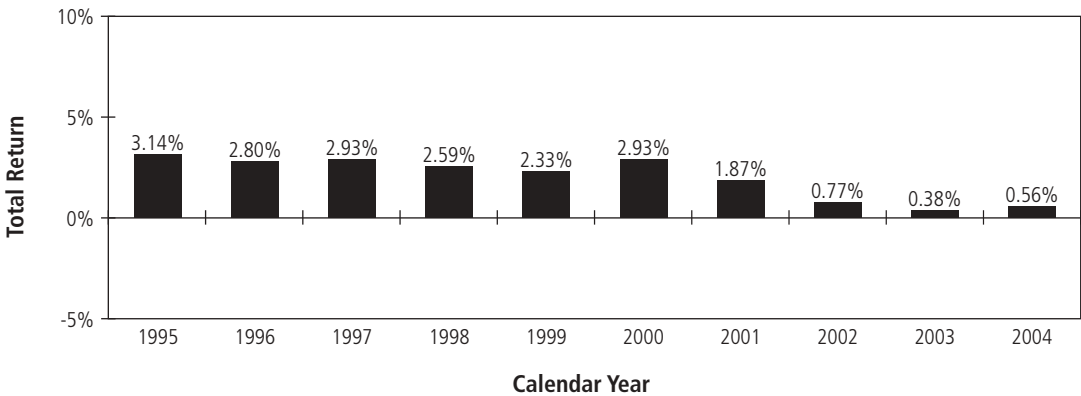
The following bar chart and table provide information about the fund's performance and thus give some indication of the risks of an investment in the fund.

The bar chart shows how the fund's performance has varied from year to year. The table that follows

the bar chart shows the average annual returns over various time periods for the fund's shares.

The fund's past performance does not necessarily indicate how the fund will perform in the future.

Total Return



Total return January 1 to June 30, 2005—0.76%  
Best quarter during years shown: 4th quarter, 1997—0.92%  
Worst quarter during years shown: 3rd quarter, 2003—0.05%

Average Annual Total Returns  
as of December 31, 2004

One Year	0.56%
Five Years	1.30%
Ten Years	2.02%

Expenses and Fee Tables

**Fees and Expenses** These tables describe the fees and expenses that you may pay if you buy and hold shares of the fund.

**Shareholder Transaction Expenses** (fees paid directly from your investment when you buy or sell fund shares and account fees):

Maximum Sales Charge (Load) Imposed on Purchases (as a % of offering price)	None
Maximum Deferred Sales Charge (Load) (as a % of offering price)	None
Maximum Account Fee*	
UBS Financial Services Inc. RMA Program	\$125
UBS Financial Services Inc. Business Services Account BSA Program	\$150

**Annual Fund Operating Expenses** (expenses that are deducted from fund assets):

Management Fees	0.46%
Service (12b-1) Fees	0.13%**
Other Expenses	<u>0.05%</u>
Total Annual Fund Operating Expenses***	<u>0.64%</u>

\* Additional fees may apply for optional RMA/Business Services Account BSA services. Please refer to the Account Information Booklet or speak with your Financial Advisor.

\*\* The current rate is 0.125% but has been rounded to 0.13% for purposes of the table.

\*\*\* UBS Financial Services Inc. may voluntarily waive fees or reimburse fund expenses from time to time. Once started, there is no guarantee that UBS Financial Services Inc. will continue to voluntarily waive a portion of its fees or reimburse expenses. Waivers/reimbursements may impact the fund’s performance.

Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.

This example assumes that you invest \$10,000 in the fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the fund’s operating expenses remain at the levels shown in the table above. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$65	\$205	\$357	\$798

This example does not reflect RMA/Business Services Account BSA program fees.

## Investment Objective, Strategies and Risks

### Fund Objective

Maximization of current income exempt from federal income tax and New Jersey personal income tax for residents of the State of New Jersey, consistent with the preservation of capital and the maintenance of liquidity.

### Principal Investment Strategies

The fund is a money market fund and seeks to maintain a stable price of \$1.00 per share. To do this, the fund invests in a diversified portfolio of high quality money market instruments that are exempt from both federal income tax and New Jersey personal income tax.

Money market instruments generally are short-term debt obligations and similar securities. They also may include longer-term bonds that have variable interest rates or other special features that give them the financial characteristics of short-term debt. Under normal circumstances, the fund will invest at least 80% of its net assets in New Jersey municipal securities. "New Jersey municipal securities" are securities issued by or on behalf of the State of New Jersey, its municipalities and public authorities and certain other issuers that pay interest that is exempt from federal income tax as well as New Jersey personal income tax. Under normal circumstances, the fund may invest only up to 20% of its net assets in New Jersey municipal securities that pay interest that is an item of tax preference for purposes of the alternative minimum tax.

UBS Financial Services Inc., the fund's investment advisor, has appointed UBS Global Asset Management (US) Inc. ("UBS Global AM") to serve as the fund's sub-advisor. UBS Global AM selects money market instruments for the fund based on its assessment of relative values and changes in market and economic conditions.

### Principal Risks

An investment in the fund is not a bank deposit and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While the fund seeks to maintain the value of your investment at \$1.00 per share, you may lose money by investing in the fund. Money market instruments generally have a low risk of loss, but they are not risk-free. The principal risks presented by an investment in the fund are:

- *Credit Risk*—Issuers of money market instruments may fail to make payments when due, or they may become less willing or less able to do so.
- *Interest Rate Risk*—The value of the fund's investments generally will fall when short-term interest rates rise, and its yield will tend to lag behind prevailing rates.
- *Single State Concentration Risk*—Because the fund invests substantially all of its assets in New Jersey municipal money market instruments, its performance will be more severely affected by unfavorable political or economic conditions in New Jersey than a more geographically diverse fund.
- *Related Securities Concentration Risk*—Because the fund may invest more than 25% of its total assets in municipal money market instruments that are issued to finance similar projects, certain economic, business or political developments or changes that affect one municipal security also may affect other municipal securities in the same sector.

More information about risks of an investment in the fund is provided below in "More About Risks and Investment Strategies."

Performance

Risk/Return Bar Chart and Table

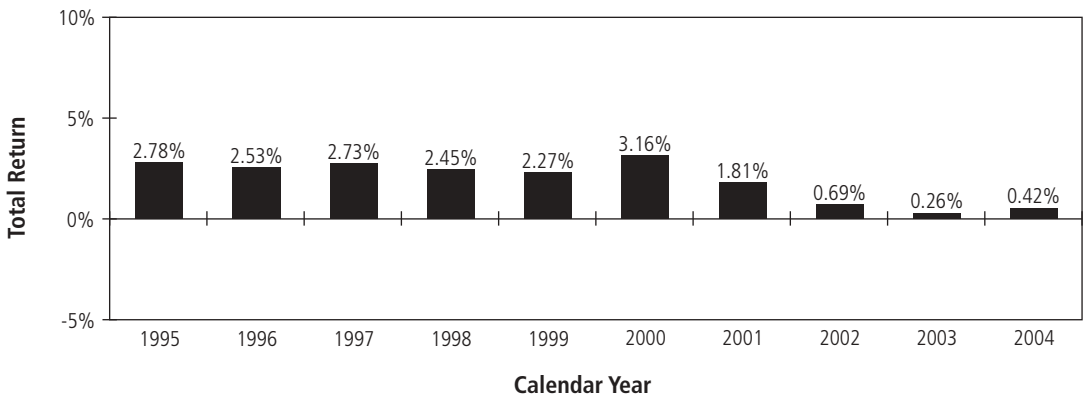
The following bar chart and table provide information about the fund's performance and thus give some indication of the risks of an investment in the fund.

The bar chart shows how the fund's performance has varied from year to year. The table that follows

the bar chart shows the average annual returns over various time periods for the fund's shares.

The fund's past performance does not necessarily indicate how the fund will perform in the future.

Total Return



Total return January 1 to June 30, 2005—0.70%  
Best quarter during years shown: 4th quarter, 1997—0.86%  
Worst quarters during years shown: 3rd quarter, 2003 and 1st quarter, 2004—0.03%

Average Annual Total Returns  
as of December 31, 2004

One Year	0.42%
Five Years	1.26%
Ten Years	1.91%

## Expenses and Fee Tables

**Fees and Expenses** These tables describe the fees and expenses that you may pay if you buy and hold shares of the fund.

**Shareholder Transaction Expenses** (fees paid directly from your investment when you buy or sell fund shares and account fees):

Maximum Sales Charge (Load) Imposed on Purchases (as a % of offering price)	None
Maximum Deferred Sales Charge (Load) (as a % of offering price)	None
Maximum Account Fee*	
UBS Financial Services Inc. RMA Program	\$125
UBS Financial Services Inc. Business Services Account BSA Program	\$150

**Annual Fund Operating Expenses** (expenses that are deducted from fund assets):

Management Fees	0.50%
Service (12b-1) Fees	0.12%
Other Expenses	<u>0.17%</u>
Total Annual Fund Operating Expenses**	<u>0.79%</u>

\* Additional fees may apply for optional RMA/Business Services Account BSA services. Please refer to the Account Information Booklet or speak with your Financial Advisor.

\*\* UBS Financial Services Inc. may voluntarily waive fees or reimburse fund expenses from time to time. Once started, there is no guarantee that UBS Financial Services Inc. will continue to voluntarily waive a portion of its fees or reimburse expenses. Waivers/reimbursements may impact the fund's performance.

### Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.

This example assumes that you invest \$10,000 in the fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the fund's operating expenses remain at the levels shown in the table above. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$81	\$252	\$439	\$978

This example does not reflect RMA/Business Services Account BSA program fees.

## Investment Objective, Strategies and Risks

### Fund Objective

Maximum current income exempt from federal income tax and New York State and New York City personal income taxes consistent with liquidity and conservation of capital.

### Principal Investment Strategies

The fund is a money market fund and seeks to maintain a stable price of \$1.00 per share. To do this, the fund invests in a diversified portfolio of high quality money market instruments that are exempt from federal income tax and from both New York State and New York City personal income taxes.

Money market instruments generally are short-term debt obligations and similar securities. They also may include longer-term bonds that have variable interest rates or other special features that give them the financial characteristics of short-term debt. Under normal circumstances, the fund will invest at least 80% of its net assets in New York municipal securities. "New York municipal securities" are securities issued by or on behalf of the State of New York, its municipalities and public authorities and certain other issuers that pay interest that is exempt from federal income tax as well as New York State and New York City personal income taxes. While the fund normally does not do so, it may invest in securities that are subject to the federal alternative minimum tax. If the fund were to do so, under normal circumstances, the fund may invest only up to 20% of its net assets in New York municipal securities that pay interest that is an item of tax preference for purposes of the alternative minimum tax.

UBS Financial Services Inc., the fund's investment advisor, has appointed UBS Global Asset Management (US) Inc. ("UBS Global AM") to serve as the fund's sub-advisor. UBS Global AM selects money market instruments for the fund based on its

assessment of relative values and changes in market and economic conditions.

### Principal Risks

An investment in the fund is not a bank deposit and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While the fund seeks to maintain the value of your investment at \$1.00 per share, you may lose money by investing in the fund. Money market instruments generally have a low risk of loss, but they are not risk-free. The principal risks presented by an investment in the fund are:

- *Credit Risk*—Issuers of money market instruments may fail to make payments when due, or they may become less willing or less able to do so.
- *Interest Rate Risk*—The value of the fund's investments generally will fall when short-term interest rates rise, and its yield will tend to lag behind prevailing rates.
- *Single State Concentration Risk*—Because the fund invests substantially all of its assets in New York municipal money market instruments, its performance will be more severely affected by unfavorable political or economic conditions in New York than a more geographically diverse fund.
- *Related Securities Concentration Risk*—Because the fund may invest more than 25% of its total assets in municipal money market instruments that are issued to finance similar projects, certain economic, business or political developments or changes that affect one municipal security also may affect other municipal securities in the same sector.

More information about risks of an investment in the fund is provided below in "More About Risks and Investment Strategies."

Performance

Risk/Return Bar Chart and Table

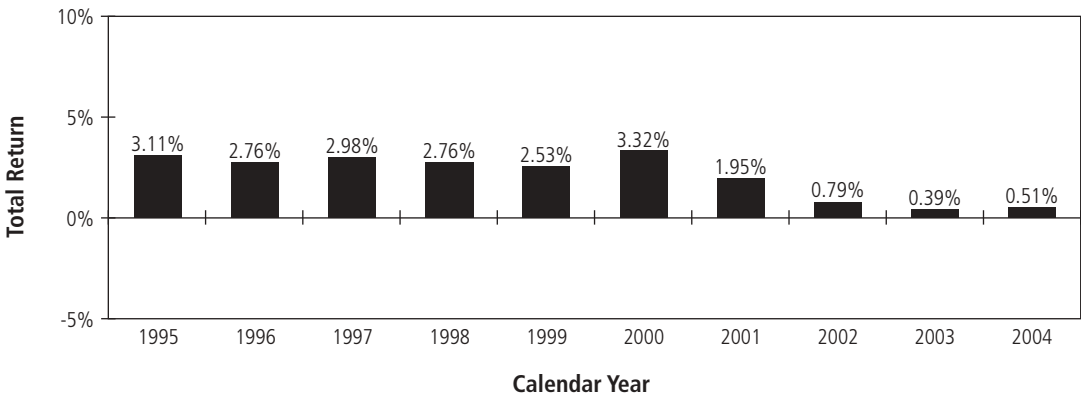
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The bar chart shows how the fund's performance has varied from year to year. The table that follows

the bar chart shows the average annual returns over various time periods for the fund's shares.

The fund's past performance does not necessarily indicate how the fund will perform in the future.

Total Return



Total return January 1 to June 30, 2005—0.77%  
Best quarter during years shown: 4th quarter, 1997—0.96%  
Worst quarter during years shown: 3rd quarter, 2003—0.05%

Average Annual Total Returns  
as of December 31, 2004

One Year	0.51%
Five Years	1.39%
Ten Years	2.11%



Expenses and Fee Tables

**Fees and Expenses** These tables describe the fees and expenses that you may pay if you buy and hold shares of the fund.

**Shareholder Transaction Expenses** (fees paid directly from your investment when you buy or sell fund shares and account fees):

Maximum Sales Charge (Load) Imposed on Purchases (as a % of offering price)	None
Maximum Deferred Sales Charge (Load) (as a % of offering price)	None
Maximum Account Fee*	
UBS Financial Services Inc. RMA Program	\$125
UBS Financial Services Inc. Business Services Account BSA Program	\$150

**Annual Fund Operating Expenses** (expenses that are deducted from fund assets):

Management Fees	0.47%
Service (12b-1) Fees	0.13%**
Other Expenses	<u>0.07%</u>
Total Annual Fund Operating Expenses***	<u>0.67%</u>

\* Additional fees may apply for optional RMA/Business Services Account BSA services. Please refer to the Account Information Booklet or speak with your Financial Advisor.

\*\* The current rate is 0.125% but has been rounded to 0.13% for purposes of the table.

\*\*\* UBS Financial Services Inc. may voluntarily waive fees or reimburse fund expenses from time to time. Once started, there is no guarantee that UBS Financial Services Inc. will continue to voluntarily waive a portion of its fees or reimburse expenses. Waivers/reimbursements may impact the fund’s performance.

Example

This example is intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds.

This example assumes that you invest \$10,000 in the fund for the time periods indicated and then sell all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the fund’s operating expenses remain at the levels shown in the table above. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>
\$68	\$214	\$373	\$835

This example does not reflect RMA/Business Services Account BSA program fees.

## More About Risks and Investment Strategies

### Principal Risks

The main risks of investing in one or more of the funds are described below. Not all of these risks apply to each fund. You can find a list of the main risks that apply to a particular fund by looking under the “Investment Objective, Strategies and Risks” heading for that fund.

Other risks of investing in a fund, along with further detail about some of the risks described below, are discussed in the funds’ Statement of Additional Information (“SAI”). Information on how you can obtain the SAI is on the back cover of this prospectus.

***Credit Risk.*** Credit risk is the risk that the issuer of a money market instrument will not make principal or interest payments when they are due. Even if an issuer does not default on a payment, a money market instrument’s value may decline if the market believes that the issuer has become less able, or less willing, to make payments on time. Even the highest quality money market instruments are subject to some credit risk.

***Interest Rate Risk.*** The value of money market instruments generally can be expected to fall when short-term interest rates rise and to rise when short-term interest rates fall. Interest rate risk is the risk that interest rates will rise, so that the value of a fund’s investments will fall. Also, a fund’s yield will tend to lag behind changes in prevailing short-term interest rates. This means that a fund’s income will tend to rise more slowly than increases in short-term interest rates. Similarly, when short-term interest rates are falling, a fund’s income generally will tend to fall more slowly.

***Foreign Investing Risk.*** Foreign investing may involve risks relating to political, social and economic developments abroad to a greater extent than investing in the securities of US issuers. In addition, there are differences between US and foreign regulatory requirements and market practices.

***Government Securities Risk.*** Various types of US government securities have different levels of credit risk. Credit risk is the risk that the issuer will not make principal or interest payments when they are due. Some US government securities are issued or guaranteed by the US Treasury and are supported by the full faith and credit of the United States. Other types of US government securities are supported by the full faith and credit of the United States (but not issued by the US Treasury). These securities have the lowest credit risk. Still other types of US government securities are: (1) supported by the ability of the issuer to borrow from the US Treasury; (2) supported only by the credit of the issuing agency, instrumentality or government-sponsored corporation; (3) supported by pools of assets (e.g., mortgage-backed securities); or (4) supported by the United States in some other way. A fund may invest in securities issued by government-sponsored enterprises that, although chartered or sponsored by Acts of Congress, issue securities that are neither insured nor guaranteed by the US government. For example, debt and mortgage-backed securities issued by government-sponsored enterprises such as the Federal Home Loan Mortgage Corporation (“Freddie Mac”), the Federal National Mortgage Association (“Fannie Mae”), and the Federal Home Loan Banks (“FHLBs”), are neither insured nor guaranteed by the US government.

*Related Securities Concentration Risk.* Each of the California, New Jersey and New York municipal money market funds may invest more than 25% of its total assets in municipal money market instruments that are issued to finance similar projects, such as those relating to education, health care, transportation or utilities. Economic, business or political developments or changes that affect one municipal security may affect other municipal securities in the same sector. As a result, these funds are subject to greater risk than funds that do not follow this practice.

*Single State Concentration Risk.* The performance of a fund that invests primarily in the municipal money market instruments of a single state will be more severely affected by unfavorable political or economic conditions within that state than a more geographically diversified fund. For example, California residents' high sensitivity to taxes could make it hard to raise taxes in order for that state to meet its obligations, or that state's economy could be hurt by natural disasters. New York's finance, insurance or real estate industries could experience economic downturns; those industries were adversely affected by the terrorist attacks in New York City. California, New York or New Jersey may each experience natural disasters or terrorist attacks in the future. As a result, an investment in a single state municipal money market fund could be more volatile and involve greater risk than an investment in a more geographically diversified fund. The particular risks of investments in California, New Jersey and New York municipal money market instruments are discussed in the SAI.

In addition, a single state municipal money market fund is permitted to invest more than 5% of its total assets in the securities of individual issuers with respect to 25% of its total assets. When a fund holds a large position in the securities of a single issuer,

changes in the financial condition or in the market's assessment of that issuer can cause larger changes in the value of the fund's total investments and its income than if the fund held a smaller position.

### **Additional Risks**

*Political Risk.* Political or regulatory developments could adversely affect the tax-exempt status of interest paid on municipal securities or the tax-exempt status of a municipal money market fund's dividends. These developments could also cause the value of a fund's municipal money market instruments to fall.

*Structured Security Risk.* The funds may purchase securities representing interests in underlying assets, but structured to provide certain advantages not inherent in those assets (e.g., enhanced liquidity, yields linked to short-term interest rates). If those securities behaved in a way that UBS Global AM did not anticipate, or if the security structures encountered unexpected difficulties, a fund could suffer a loss. Structured securities represent a growing portion of the municipal securities markets.

### **Additional Information About Investment Strategies**

Like all money market funds, the funds are subject to maturity, quality and diversification requirements designed to help them maintain a stable price of \$1.00 per share. The funds' investment strategies are designed to comply with these requirements.

The California, New Jersey and New York municipal money market funds are organized as "non-diversified" funds. Normally, this would mean that they would not be subject to certain limitations on investments of more than 5% of total assets in the securities of a single issuer. However, because these funds are single state money market funds, they are subject to special regulations that impose substantially

the same limitations as normally apply to “diversified” mutual funds. The other funds are subject to even more stringent diversification requirements, which apply to money market funds that are not single state funds.

UBS Global AM may use a number of professional money management techniques to respond to changing economic and money market conditions and to shifts in fiscal and monetary policies. These techniques include varying a fund’s composition and weighted average maturity based upon UBS Global AM’s assessment of the relative values of various money market instruments and future interest rate patterns. UBS Global AM also may buy or sell money market instruments to take advantage of yield differences.

As noted above, under normal circumstances, U.S. Government Portfolio invests at least 80% of its net assets in US government securities, including government securities subject to repurchase agreements.

U.S. Government Portfolio’s 80% policy is a “non-fundamental” policy. This means that this investment policy may be changed by the fund’s board without shareholder approval. However, U.S. Government Portfolio has also adopted a policy to provide its shareholders with at least 60 days’ prior written notice of any change to the 80% policy.

*Defensive Positions for Municipal Money Market Funds.* During adverse market conditions or when UBS Global AM believes there is an insufficient supply of the municipal securities in which a fund primarily invests, Tax-Free Fund and the California, New Jersey and New York municipal money market funds each may temporarily invest in other types of municipal securities or may invest in money market instruments that pay taxable interest. These investments may not be consistent with achieving a fund’s investment objective during the periods that they are held.

## Managing Your Fund Account

### Buying Shares

**Introduction.** You must be a client of UBS Financial Services Inc. or a client of a UBS Financial Services Inc. correspondent firm to purchase fund shares. Shares of the funds are available primarily through the UBS Financial Services Inc. Resource Management Account® (RMA®) Program, the UBS Financial Services Inc. Business Services Account BSA® Program and certain UBS Financial Services Inc. advisory programs.

The RMA and Business Services Account BSA programs are more fully described in separate materials your Financial Advisor can provide you. Not all correspondent

firms have arrangements with UBS Financial Services Inc. to make fund shares available to their customers.

### **Automatic Deposit Account Sweep Program.**

UBS Financial Services Inc. administers a bank deposit sweep program under which free cash balances in client brokerage accounts are swept into interest-bearing deposit accounts (“Deposit Account Sweep Program”). Investors who are eligible to participate in the Deposit Account Sweep Program are referred to as “eligible participants” below to distinguish them from other investors in the funds.

UBS Financial Services Inc. brokerage accounts of eligible participants automatically default to the

Deposit Account Sweep Program as their primary sweep vehicle unless the eligible participant has selected a municipal money market fund (*i.e.*, Tax-Free Fund, California Municipal Money Fund, New Jersey Municipal Money Fund or New York Municipal Money Fund) as his or her primary sweep option. Eligible participants who do not wish to take part in the Deposit Account Sweep Program should consider selecting a municipal money market fund as their primary sweep fund. This means that absent such selection free cash balances (that is, immediately available funds) of eligible participants will be automatically deposited in bank deposit accounts, not invested in a fund. This will occur without dollar limit, if no cap is selected by the investor. If a cap is selected, available balances in excess of such limit will be automatically invested in the fund selected by the eligible participant. New clients setting a cap on amounts invested pursuant to the Deposit Account Sweep Program will need to select a secondary sweep option.

UBS Financial Services Inc. will require a threshold (*e.g.*, \$100,000 for individual ownership and \$200,000 for joint ownership accounts) before redirection of cash balances to the funds. After a cap is reached, uninvested cash will be invested as if the investor were a “non-eligible participant.” Certain limitations apply. For more information, please contact your Financial Advisor at UBS Financial Services Inc. or correspondent firm.

If you would like to place a limit on the amount of available cash that defaults to the Deposit Account Sweep Program, contact your Financial Advisor.

**Selecting Your Sweep Option.** UBS Financial Services Inc. requires a client to select a sweep option as part of their account application process. You may have only one primary sweep option at any time. To change your primary sweep option or purchase shares of another fund, contact your

Financial Advisor. As noted above, brokerage accounts eligible to participate in the Deposit Account Sweep Program will automatically default to bank deposit accounts as their primary sweep option unless the eligible participant has selected a municipal money market fund as his or her primary sweep option. Non-eligible participants have the option of selecting from the available list of funds.

**Background Information.** Your order to purchase a fund's shares will be effective on the business day on which federal funds become available to the fund. Federal funds are funds deposited by a commercial bank in an account at a Federal Reserve Bank that can be transferred to a similar account of another bank in one day and thus can be made immediately available to the fund. A business day is any day that the Boston offices of the fund's custodian and the New York City offices of UBS Financial Services Inc. and its bank are all open for business. One or more of these institutions will be closed on the observance of the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day.

Each fund (other than Money Market Portfolio) has adopted a plan pursuant to rule 12b-1 under which the fund pays fees for services provided to its shareholders at the annual rate of 0.125% of its average net assets (0.12% for New Jersey Municipal Money Fund). Money Market Portfolio has adopted a non-rule 12b-1 shareholder services plan, effective July 1, 2005, under which the fund pays fees for services provided to its shareholders at the annual rate of 0.125% of its average net assets. Therefore, each fund is subject to a shareholder services plan.

The funds, UBS Global AM and UBS Financial Services Inc. have the right to reject a purchase order

and to suspend the offering of fund shares for a period of time or permanently.

### **Buying Shares Automatically**

**Non-Eligible Participants.** All free cash balances of over \$1.00 in the RMA or Business Services Account BSA brokerage account (including proceeds from securities you have sold) are automatically invested in your primary sweep option on a daily basis for settlement the next business day, when federal funds normally are available. Federal funds availability can sometimes take longer for cash balances arising from the sale of securities in your brokerage account.

Fund shares will be purchased only after all debits and charges to your RMA or Business Services Account BSA brokerage account are satisfied. See “Selling Shares Automatically” below.

**Eligible Participants.** UBS Financial Services Inc. brokerage accounts will automatically default to the Deposit Account Sweep Program as noted above, unless the eligible participant has selected a municipal money market fund as his or her primary sweep option. If a dollar limit cap is selected, available balances in excess of such cap will be automatically invested in the fund selected by the eligible participant.

### **Buying Shares by Check or Electronic Funds Transfer Credit**

RMA and Business Services Account BSA participants may purchase shares of, as applicable, their primary sweep money fund or another fund by placing an order with their Financial Advisor and providing a check from a US bank. You should include your UBS Financial Services Inc. account number on the check. Only non-eligible participants (and eligible participants who are purchasing fund shares in excess of a cap on investments in the Deposit Account Sweep Program) may buy shares by check or electronic funds transfer credit.

Federal funds are deemed available to a fund two business days after the deposit of a personal check or an Electronic Funds Transfer credit initiated by UBS Financial Services Inc. and one business day after deposit of a cashier's or certified check. UBS Financial Services Inc. may benefit from the temporary use of the proceeds of personal checks and Electronic Funds Transfer credits if they are converted to federal funds in less than two business days.

### **Buying Shares by Wire**

You may purchase fund shares by placing an order through your Financial Advisor and instructing your bank to transfer federal funds by wire to:

UBS AG  
ABA 026007993  
UBS Financial Services Inc.—RMA  
A/C 101WA258640000  
[Account Name]/[Brokerage Account Number]

The wire must include your name and RMA or Business Services Account BSA brokerage account number. Only non-eligible participants (and eligible participants who are purchasing fund shares in excess of a cap on investments in the Deposit Account Sweep Program) may buy shares by wire.

If UBS Financial Services Inc. receives funds in the account for a purchase of fund shares by 12:00 noon, Eastern time, on a business day, UBS Financial Services Inc. will execute the purchase on that day. Otherwise, UBS Financial Services Inc. will execute the order on the next business day. UBS Financial Services Inc. and/or your bank may impose a service charge for wire transfers.

### **Minimum Investments**

The funds have no minimum for initial investments or to add to an account, but reserve the right to establish minimum investment requirements at any time.

## Selling Shares

You may sell your shares by contacting your Financial Advisor in person or by telephone or mail. You may also be able to use the check-writing service to sell your shares. You may not close your account by check.

## Selling Shares Automatically

Subject to the terms of the Master Account Agreement governing your RMA or Business Services Account BSA or advisory program brokerage account, your fund shares will be sold automatically to settle any outstanding securities purchases, charges or other debits to your UBS Financial Services Inc. brokerage account, unless you instruct your Financial Advisor otherwise.

If you are not participating in the Deposit Account Sweep Program, shares of your primary money fund are always sold first (or if you do not specify which fund's shares are to be sold). If applicable, shares in the other money funds will be sold, if necessary, in the following order: first, Money Market Portfolio; second, U.S. Government Portfolio; third, Tax-Free Fund; and fourth, California Municipal Money Fund, New Jersey Municipal Money Fund or New York Municipal Money Fund. If you sell all your shares in a fund, you will receive cash credits to your RMA or Business Services Account BSA brokerage account for dividends earned on those shares prior to the sale date.

If you are a participant in the Deposit Account Sweep Program and also own shares of one or more funds, amounts to settle any outstanding securities purchases, charges or debits to your UBS Financial Services Inc. brokerage account will come from the following sources in the order indicated: first, proceeds from the sale of shares of Money Market Portfolio; second, proceeds from the sale of shares of U.S. Government Portfolio; third, Deposit Account Sweep Program balances; fourth, proceeds from the

sale of shares of Tax-Free Fund; and fifth, proceeds from the sale of shares of California Municipal Money Fund, New Jersey Municipal Money Fund or New York Municipal Money Fund.

Subject to the terms of the RMA, Business Services Account BSA and advisory programs, UBS Financial Services Inc. will sell fund shares automatically to satisfy outstanding debits and charges in your brokerage account. Debits include amounts due UBS Financial Services Inc. on settlement date for securities purchases, margin loans, UBS Financial Services Inc. checks, federal funds wires arranged by UBS Financial Services Inc. and related fees. Charges include RMA and Business Services Account BSA checks, card purchases, ATM withdrawals, cash advances, Bill Payment Service payments and Automated Clearing House transfers, including Electronic Funds Transfer Debits. Shares are sold to cover debits on the day the debit is generated. Shares are sold automatically to cover RMA and Business Services Account BSA checks and MasterCard cash advances on the day they are paid. Shares are sold automatically to cover MasterCard purchases at the end of the MasterCard monthly billing period. Shares are sold to pay for securities purchases on settlement date.

## More Information Regarding "Eligible Participants."

Eligible participants are individuals, sole proprietors and governmental entities. Custodial and trust accounts are also Eligible Participants if each beneficiary is an Eligible Participant. "Eligible Participants" does not include participants that are: (a) organized or operated to make a profit such as corporations, partnerships, associations, business trusts or other organizations, (b) nonprofit organizations, including organizations described in Sections 501(c)(3) through (13) and (19) of the Internal Revenue Code of 1986, as amended, (c) estates, (d) enrolled in UBS Financial Services Inc. Investment



Consulting Services programs (other than InsightOne<sup>SM</sup> and Employee Self-Directed Accounts) or Private Wealth Solutions<sup>SM</sup>, (e) not resident in the United States or (f) retirement plans qualified under Section 401(a) or Section 403(b)(7) of the Internal Revenue Code of 1986, as amended, or under any other employee retirement or welfare plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

## **Additional Information About Your Account**

It costs the fund money to maintain shareholder accounts. Therefore, each fund reserves the right to repurchase all shares in any account that has a net asset value of less than \$500. If a fund elects to do this with your account, it will notify you that you can increase the amount invested to \$500 or more within 60 days. This notice may appear on your account statement. Investors participating in the Deposit Account Sweep Program who wish to increase their fund account balance to \$500 or more will need to select a cap on the level of free cash balances swept into the deposit accounts and add sufficient cash to their brokerage accounts so that both the deposit account cap and this minimum is met. If the deposit account cap and fund minimum are not met, the proceeds from the sale of fund shares will be deposited in the investor's brokerage account and swept into the deposit account.

If you want to sell shares that you purchased recently, a fund may delay payment to assure that it has received good payment. If you purchased shares by check, this can take up to 15 days.

UBS Financial Services Inc. has the right to terminate your RMA or Business Services Account BSA brokerage account for any reason. In that case, UBS Financial Services Inc. will sell all of the fund shares held in the RMA or Business Services Account BSA brokerage account and will send you the proceeds within three business days.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. If you do not provide the information requested, a fund may not be able to maintain your account. If a fund is unable to verify your identity or that of another person(s) authorized to act on your behalf, the fund and UBS Global AM reserve the right to close your account and/or take such other action they deem reasonable or required by law. Fund shares will be redeemed and valued in accordance with the net asset value next calculated after the determination has been made to close the account.

You will receive confirmation of your purchases and sales of fund shares on periodic account statements. These periodic statements may be sent monthly except that, if your only fund activity in a quarter was reinvestment of dividends, the activity may be reported on a quarterly rather than a monthly statement.

*Market Timing.* Frequent purchases and redemptions of fund shares could increase a fund's transaction costs, such as market spreads and custodial fees, and may interfere with the efficient management of a fund's portfolio, which could impact a fund's performance. However, money market funds are generally used by investors for short-term investments, often in place of bank checking or savings accounts or for cash management purposes. Investors value the ability to add and withdraw their funds quickly, without restriction. UBS Global AM anticipates that shareholders will purchase and sell fund shares frequently because each fund is designed to offer investors a liquid cash option. UBS Global AM also believes that money market funds, such as the funds, are not targets of abusive trading practices because money market funds seek to maintain a \$1.00 per share price and typically do not fluctuate in value based on market prices. For these reasons, the Board has not adopted policies and procedures, or imposed redemption fees or other



restrictions such as minimum holding periods, to discourage excessive or short-term trading of fund shares.

Other UBS Global AM funds that are not money market funds have approved policies and procedures designed to discourage and prevent abusive trading practices. For more information about market timing policies and procedure for another UBS Global AM fund, please see that fund’s prospectus.

**Pricing and Valuation**

The price of fund shares is based on net asset value. The net asset value per share is the total value of a fund divided by the total number of shares outstanding. In determining net asset value, each fund values its securities at their amortized cost. This method uses a constant amortization to maturity of

the difference between the cost of the instrument to the fund and the amount due at maturity. Each fund’s net asset value per share is expected to be \$1.00, although this value is not guaranteed.

Each fund typically calculates net asset value per share once each business day at 12:00 noon, Eastern time. Your price for buying or selling shares will be the net asset value that is next calculated after the fund receives your order in good form.

Your Financial Advisor is responsible for making sure that your order is promptly sent to the fund when shares are purchased other than through the automatic program described above.

**Management**

**Investment Advisor and Sub-Advisor**

UBS Financial Services Inc. is the investment advisor and administrator of each fund. UBS Financial Services Inc. is a Delaware corporation located at 1285 Avenue of the Americas, New York, New York 10019-6028. UBS Global Asset Management (US) Inc. (“UBS Global AM”) is each fund’s principal underwriter, sub-advisor and sub-administrator. UBS Global AM is a Delaware corporation located at 51 West 52nd Street, New York, New York 10019-6114. UBS Financial Services Inc. and UBS Global AM are investment advisers registered with the US Securities and Exchange Commission. UBS Financial Services Inc. and UBS Global AM are indirect, wholly owned subsidiaries of UBS AG (“UBS”). As of June 30, 2005, UBS Global AM had approximately \$50.1 billion in assets under management. UBS Global AM is a member of the UBS Global Asset Management Division, which had approximately

\$535.3 billion in assets under management worldwide as of June 30, 2005. UBS is an internationally diversified organization headquartered in Zurich, Switzerland with operations in many areas of the financial services industry.

**Advisory Fees**

The funds paid advisory and administration fees to UBS Financial Services Inc. for the fiscal year ended June 30, 2005 at the following effective annual rates based on average daily net assets:

Money Market Portfolio . . . . .	.050%
U.S. Government Portfolio . . . . .	.043%
Tax-Free Fund . . . . .	.041%
California Municipal Money Fund . . . . .	.046%
New Jersey Municipal Money Fund . . . . .	.050%
New York Municipal Money Fund . . . . .	.047%

## Dividends and Taxes

### Dividends

Each fund declares dividends daily and pays them monthly. Each fund may distribute all or a portion of its short-term capital gains (if any) to the extent required to ensure that the fund maintains its federal tax law status as a regulated investment company. Each fund will also distribute all or a portion of its short-term capital gains to the extent necessary to maintain its share price at \$1.00.

You will receive dividends in additional shares of a fund unless you elect to receive them in cash. Contact your Financial Advisor at UBS Financial Services Inc. or one of its correspondent firms if you prefer to receive dividends in cash. Shares earn dividends on the day they are purchased but not on the day they are sold. Any dividends distributed by the Tax-Free Fund, California Municipal Money Fund, New Jersey Municipal Money Fund and New York Municipal Money Fund derived from taxable interest or capital gains will be subject to federal income tax. In addition, dividends paid by these funds may be taxable under state or local law (except as discussed below) even though all or a portion of these dividends are not subject to federal taxation.

### Taxes

The dividends that you receive from Money Market Portfolio and U.S. Government Portfolio generally are subject to federal income tax regardless of whether you receive them in additional fund shares or in cash and are expected to be taxed as ordinary income. Such dividends are not eligible for the reduced rate of tax that may apply to certain qualifying dividends on corporate stock.

Although dividends are generally treated as taxable to you in the year they are paid, dividends declared in October, November or December but paid in January are taxable as if they were paid in December.

If you hold fund shares through a tax-exempt account or plan, such as an IRA or 401(k) plan, dividends on your shares generally will not be subject to tax before distributions are made to you from the account or plan.

The exemption from federal and/or certain state taxes for dividends paid by the municipal money funds will not benefit investors in tax-sheltered retirement plans or other entities or individuals not subject to such federal or state taxes. Further, distributions by tax-sheltered retirement plans are generally taxable even if earnings are derived from tax exempt dividends. As a result, the municipal funds are generally not an appropriate investment for tax sheltered retirement plans.

Some states and localities do not tax dividends that are attributable to interest on US Treasury securities and certain other government securities under certain circumstances.

The dividends that you receive from Tax-Free Fund, California Municipal Money Fund, New Jersey Municipal Money Fund and New York Municipal Money Fund generally are not subject to federal income tax.

In addition, California Municipal Money Fund seeks to pay dividends that are exempt from California personal income tax, New Jersey Municipal Money Fund seeks to pay dividends that are exempt from New Jersey personal income tax, and New York

Municipal Money Fund seeks to pay dividends that are exempt from New York State and New York City personal income taxes.

Each fund will tell you annually how you should treat its dividends for tax purposes. If you are subject to alternative minimum tax, a portion of the dividends paid by a fund may be included in computing such tax.

You will not recognize any gain or loss on the sale of a fund's shares so long as the fund maintains a share price of \$1.00.

Each fund may be required to withhold a 28% federal tax on all dividends payable to you

- if you fail to provide the fund or UBS Financial Services Inc. with your correct taxpayer identification number on Form W-9 (for US citizens and resident aliens) or to make required certifications, or

- if you have been notified by the IRS that you are subject to backup withholding.

Taxable distributions to non-residents may be subject to a 30% withholding tax. Distributions to non-residents of short-term capital gains and interest income are expected to be subject to withholding tax because certain detailed information necessary for an exemption is not maintained or expected to be available.

The above is a general and abbreviated discussion of certain tax considerations, and each investor is advised to consult with his or her own tax advisor. There is additional information on taxes in the Statement of Additional Information.

## Disclosure of Portfolio Holdings

Each fund will file its complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q. Each fund's complete schedule of portfolio holdings for the second and fourth quarters of each fiscal year is included in its semiannual and annual reports to shareholders and is filed with the SEC on Form N-CSR. Each fund's Forms N-Q and Forms N-CSR are available on the SEC's Web site at <http://www.sec.gov>. Each fund's Forms N-Q and Forms N-CSR may also be

reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-800-942 8090. Additionally, you may obtain copies of Forms N-Q and annual and semiannual reports to shareholders from the funds upon request by calling 1-800-647 1568. Please consult the funds' Statement of Additional Information ("SAI") for a description of the policies and procedures that govern disclosure of the funds' portfolio holdings.

## Financial Highlights

The following financial highlights tables are intended to help you understand the funds' financial performance for the past 5 years. Certain information reflects financial results for a single fund share. In the tables, "total investment return" represents the rate that an investor would have earned on an investment in a fund (assuming reinvestment of all dividends and other distributions).

The information in the financial highlights has been audited by Ernst & Young LLP, independent registered public accounting firm, whose report, along with the funds' financial statements, is included in the funds' annual report to shareholders. You may obtain the funds' annual report without charge by calling 1-800-762 1000.

### Money Market Portfolio

For the Years Ended June 30,

	2005	2004	2003	2002	2001
<b>Net asset value, beginning of year</b> . . . . .	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Net investment income . . . . .	0.016	0.005	0.010	0.022	0.055
Dividends from net investment income . . . . .	(0.016)	(0.005)	(0.010)	(0.022)	(0.055)
Distributions from net realized gains from investment activities . .	(0.000)@	(0.000)@	—	—	—
Total dividends and distributions .	(0.016)	(0.005)	(0.010)	(0.022)	(0.055)
<b>Net asset value, end of year</b> . .	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
<b>Total investment return(1)</b> . . .	1.65%	0.51%	1.02%	2.25%	5.61%
<b>Ratios/Supplemental data:</b>					
Net assets, end of year (000's) . .	\$10,425,878	\$12,434,286	\$21,832,875	\$22,768,982	\$22,609,036
Expenses to average net assets, net of fee waivers by advisor . .	0.58% <sup>(2)</sup>	0.60%	0.61%	0.60%	0.59%
Net investment income to average net assets, net of fee waivers by advisor . . . . .	1.59% <sup>(2)</sup>	0.50%	1.02%	2.21%	5.42%

(1) Total investment return is calculated assuming a \$10,000 investment on the first day of each year reported, reinvestment of all dividends and other distributions, if any, at net asset value on the payable dates, and a sale at net asset value on the last day of each year reported. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions.

(2) During the period August 1, 2004 through June 30, 2005, UBS Financial Services Inc. waived a portion of its advisory and administration fees. The ratios excluding the waiver are the same since the fee waiver represents less than 0.005%.

@ Amount represents less than (\$0.0005) per share.

# Financial Highlights (continued)

U.S. Government Portfolio					
For the Years Ended June 30,					
	2005	2004	2003	2002	2001
<b>Net asset value, beginning of year . .</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
Net investment income . . . . .	0.015	0.005	0.010	0.021	0.052
Dividends from net investment income . .	(0.015)	(0.005)	(0.010)	(0.021)	(0.052)
<b>Net asset value, end of year . . . . .</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Total investment return(1) . . . . .</b>	<b>1.50%</b>	<b>0.48%</b>	<b>1.00%</b>	<b>2.12%</b>	<b>5.31%</b>

## Ratios/Supplemental data:

Net assets, end of year (000's) . . . . .	\$1,111,698	\$1,250,917	\$2,510,453	\$2,356,829	\$2,000,303
Expenses to average net assets . . . . .	0.61%	0.58%	0.56%	0.57%	0.57%
Net investment income to average net assets . . . . .	1.49%	0.48%	1.00%	2.06%	5.15%

(1) Total investment return is calculated assuming a \$10,000 investment on the first day of each year reported, reinvestment of all dividends and other distributions, if any, at net asset value on the payable dates, and a sale at net asset value on the last day of each year reported. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions.

Tax-Free Fund					
For the Years Ended June 30,					
	2005	2004	2003	2002	2001
<b>Net asset value, beginning of year . .</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
Net investment income . . . . .	0.012	0.004	0.007	0.012	0.032
Dividends from net investment income . .	(0.012)	(0.004)	(0.007)	(0.012)	(0.032)
<b>Net asset value, end of year . . . . .</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Total investment return(1) . . . . .</b>	<b>1.23%</b>	<b>0.38%</b>	<b>0.67%</b>	<b>1.24%</b>	<b>3.28%</b>

## Ratios/Supplemental data:

Net assets, end of year (000's) . . . . .	\$3,406,614	\$2,935,936	\$3,238,850	\$3,255,520	\$3,286,150
Expenses to average net assets . . . . .	0.59%	0.60%	0.63%	0.60%	0.59%
Net investment income to average net assets . . . . .	1.23%	0.38%	0.67%	1.23%	3.20%

(1) Total investment return is calculated assuming a \$10,000 investment on the first day of each year reported, reinvestment of all dividends and other distributions, if any, at net asset value on the payable dates, and a sale at net asset value on the last day of each year reported. Returns do not reflect the deduction of taxes that a shareholder could pay on fund distributions.

## Financial Highlights (continued)

California Municipal Money Fund					
For the Years Ended June 30,					
	2005	2004	2003	2002	2001
<b>Net asset value, beginning of year . . .</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
Net investment income . . . . .	0.011	0.003	0.006	0.011	0.027
Dividends from net investment income . .	(0.011)	(0.003)	(0.006)	(0.011)	(0.027)
<b>Net asset value, end of year . . . . .</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Total investment return(1) . . . . .</b>	<b>1.15%</b>	<b>0.31%</b>	<b>0.60%</b>	<b>1.10%</b>	<b>2.75%</b>
<b>Ratios/Supplemental data:</b>					
Net assets, end of year (000's) . . . . .	\$808,762	\$739,133	\$767,006	\$753,664	\$759,961
Expenses to average net assets, net of fee waivers by advisor(2) . . . . .	0.64%	0.65%	0.66%	0.65%	0.66%
Net investment income to average net assets, net of fee waivers by advisor(2) . .	1.16%	0.31%	0.60%	1.09%	2.70%

- (1) Total investment return is calculated assuming a \$10,000 investment on the first day of each year reported, reinvestment of all dividends and other distributions, if any, at net asset value on the payable dates, and a sale at net asset value on the last day of each year reported. Returns do not reflect the deduction of taxes that a shareholder could pay on fund distributions.
- (2) During the year ended June 30, 2004, UBS Financial Services Inc. waived a portion of its advisory and administration fees. The ratios excluding the waiver are the same since the fee waiver represents less than 0.005%.

# Financial Highlights (continued)

New Jersey Municipal Money Fund					
For the Years Ended June 30,					
	2005	2004	2003	2002	2001
<b>Net asset value, beginning of year . . .</b>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
Net investment income . . . . .	0.010	0.002	0.005	0.010	0.028
Dividends from net investment income . .	(0.010)	(0.002)	(0.005)	(0.010)	(0.028)
<b>Net asset value, end of year . . . . .</b>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
<b>Total investment return(1) . . . . .</b>	<u>1.05%</u>	<u>0.16%</u>	<u>0.51%</u>	<u>0.97%</u>	<u>2.86%</u>
<b>Ratios/Supplemental data:</b>					
Net assets, end of year (000's) . . . . .	\$134,174	\$137,440	\$161,854	\$128,500	\$102,162
Expenses to average net assets, net of fee waivers by advisor(2) . . . . .	0.79%	0.76%	0.73%	0.77%	0.79%
Net investment income to average net assets, net of fee waivers by advisor(2) . .	1.02%	0.15%	0.50%	0.94%	2.77%

- (1) Total investment return is calculated assuming a \$10,000 investment on the first day of each year reported, reinvestment of all dividends and other distributions, if any, at net asset value on the payable dates, and a sale at net asset value on the last day of each year reported. Returns do not reflect the deduction of taxes that a shareholder could pay on fund distributions.
- (2) During the year ended June 30, 2004, UBS Financial Services Inc. waived a portion of its advisory and administration fees. The ratios excluding the waiver are the same since the fee waiver represents less than 0.01%.

## Financial Highlights (concluded)

New York Municipal Money Fund					
For the Years Ended June 30,					
	2005	2004	2003	2002	2001
<b>Net asset value, beginning of year . . .</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
Net investment income . . . . .	0.011	0.003	0.006	0.011	0.030
Dividends from net investment income . .	(0.011)	(0.003)	(0.006)	(0.011)	(0.030)
<b>Net asset value, end of year . . . . .</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Total investment return(1) . . . . .</b>	<b>1.13%</b>	<b>0.29%</b>	<b>0.62%</b>	<b>1.08%</b>	<b>3.04%</b>
<b>Ratios/Supplemental data:</b>					
Net assets, end of year (000's) . . . . .	\$596,071	\$562,396	\$588,851	\$559,341	\$574,490
Expenses to average net assets, net of fee waivers by advisor(2) . . . . .	0.67%	0.67%	0.67%	0.68%	0.69%
Net investment income to average net assets, net of fee waivers by advisor(2) .	1.12%	0.29%	0.62%	1.07%	2.95%

- (1) Total investment return is calculated assuming a \$10,000 investment on the first day of each year reported, reinvestment of all dividends and other distributions, if any, at net asset value on the payable dates, and a sale at net asset value on the last day of each year reported. Returns do not reflect the deduction of taxes that a shareholder could pay on fund distributions.
- (2) During the year ended June 30, 2004, UBS Financial Services Inc. waived a portion of its advisory and administration fees. The ratios excluding the waiver are the same since the fee waiver represents less than 0.005%.



If you want more information about a fund, the following documents are available free upon request:

**Annual/Semiannual Reports**

Additional information about a fund's investments is available in the fund's annual and semiannual reports to shareholders.

**Statement of Additional Information (SAI)**

The funds' SAI provides more detailed information about the funds and is incorporated by reference into this prospectus (*i.e.*, it is legally a part of this prospectus).

You may discuss your questions about the funds by contacting your Financial Advisor. You may obtain free copies of the funds' annual and semiannual reports and its SAI by contacting the funds directly at 1-800-647 1568. You may also request other information about the funds and make shareholder inquiries via this number. The funds do not make their SAI and shareholder reports available online because (1) they are money market funds, (2) they do not have their own Web sites, and (3) their advisor and sub-advisor do not make such documents for money market funds available on their Web sites.

You may review and copy information about a fund, including shareholder reports and the SAI, at the Public Reference Room of the Securities and Exchange Commission. You may obtain information about the operations of the SEC's Public Reference Room by calling the SEC at 1-202-942 8090. You may get copies of reports and other information about a fund:

- For a fee, by electronic request at [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102; or
- Free from the EDGAR Database on the SEC's Internet Web site at: <http://www.sec.gov>

UBS RMA Money Fund Inc.  
—Money Market Portfolio  
—U.S. Government Portfolio  
Investment Company Act File No. 811-3503

UBS RMA Tax-Free Fund Inc.  
Investment Company Act File No. 811-3504

UBS Managed Municipal Trust  
—RMA California Municipal Money Fund  
—RMA New York Municipal Money Fund  
Investment Company Act File No. 811-3946

UBS Municipal Money Market Series  
—RMA New Jersey Municipal Money Fund  
Investment Company Act File No. 811-6173

## UBS RMA

Money Market Portfolio

U.S. Government Portfolio

Tax-Free Fund

California Municipal Money Fund

New Jersey Municipal Money Fund

New York Municipal Money Fund

## Prospectus

Text From Disclosures Here

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# 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.

If you have any questions about the information in this brochure, please speak with your Financial Advisor or call our Service Representatives toll-free at 866-255-0112 from within the U.S. Outside the U.S., please call us collect at 201-352-1711.



UBS Financial Services Inc.  
[www.ubs.com/financialservicesinc](http://www.ubs.com/financialservicesinc)  
041101-1752-X270

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