



UBS Financial Services Inc.
Deposit Account Sweep Program
Disclosure Statement

Summary

Under the UBS Deposit Account Sweep Program (the "Program"), free cash balances in eligible securities accounts at UBS Financial Services Inc. ("UBS") are automatically deposited into interest-bearing deposit accounts (the "Deposit Accounts") at its affiliated depository institution, UBS Bank USA (Member FDIC) (the "Bank"). Funds on deposit in the Deposit Accounts are referred to below as "Deposited Funds."

FDIC Deposit Insurance, No SIPC Protection and Cap Election

Deposited Funds will be eligible for federal deposit insurance from the Federal Deposit Insurance Corporation (the "FDIC") up to \$100,000 per depositor (including principal and accrued interest) in most insurable capacities (for example, individual, joint, etc.). Deposits held through an Individual Retirement Account ("IRA"), self-directed Keogh account, "457 Plan" account for state government employees and employer-sponsored "defined contribution plan" accounts that are self-directed (primarily 401k accounts) will be eligible for FDIC deposit insurance up to a total of \$250,000 (including principal and accrued interest). In general, "self-directed" means that the individual chooses where the money is deposited.

For example, non-retirement account deposits held by one individual will have an FDIC insurance limit of \$100,000, and a joint account owned by two individuals will have an FDIC insurance limit of \$200,000, in accordance with FDIC rules. None of UBS, the Bank or their affiliates will monitor the amount of your Deposited Funds to determine whether those amounts exceed your FDIC insurance limits. **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.**

Unlike your UBS securities account, the Deposit Accounts are not protected by the Securities Investor Protection Corporation ("SIPC"). SIPC provides protection for your securities account(s) at UBS for up to \$500,000 per customer, including a maximum of \$100,000 for free cash balances at UBS in the unlikely event that UBS fails financially. The SIPC insurance limits apply to all accounts that you hold in a particular capacity. For more information on SIPC coverage, please contact your Financial Advisor.

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 account, and \$200,000 or more for a joint UBS account. If you have multiple accounts in the same insurable capacity

(for purposes of the FDIC insurance rules) at UBS, or if you hold other deposits (including certificates of deposit) at the Bank, you may exceed the applicable 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 4, "How the Program Works" beginning on page 5, and "Deposit Insurance" beginning on page 8.*

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 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. Clients with higher total eligible Marketing Relationship assets will generally 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 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 online at www.ubs.com/sweepyields or by calling your Financial Advisor. *For more detailed information on the items covered in this summary section, see "Interest" beginning on page 7, and "Alternatives to the Program" on page 5.*

Financial Benefits to UBS and Conflicts of Interest

UBS 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 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" on page 8, and "Benefits to UBS and its Affiliates" on page 8.*

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 money market fund or for Puerto Rico residents only, into the Puerto Rico Short Term Investment Fund, Inc. Please note that clients with Basic Investment Accounts, IRAs and IRA Resource Management Account® (RMA®) are not eligible to select a tax-exempt Sweep Fund.

UBS 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 the applicable FDIC insurance 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 5.

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Introduction

Under the Program, free cash balances in eligible securities accounts at UBS 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 up to the applicable FDIC insurance limits in principal and accrued interest **per depositor**, in accordance with FDIC rules. For example, non-retirement account deposits held by one individual will have an FDIC insurance limit of \$100,000, and a joint account owned by two individuals will have an FDIC insurance limit of \$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 the same insurable capacity directly with the Bank or through an intermediary, such as UBS, will be aggregated with the Deposit Accounts you establish through the Program in the same insurable capacity. The extent of, and limitations on, federal deposit insurance are discussed below in the section titled “Deposit Insurance.”

Under the Program, so long as all debits and charges to your UBS securities account are satisfied, immediately available funds (or free cash balances) of \$1.00 or more in your accounts, if the accounts are not IRAs, or, in the case of IRAs, of \$.01 or more, will be swept on 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 money market or other fund that you select from those offered by UBS for such purpose (the “Sweep Funds”) without limit. Please note that while UBS 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 the seventh business day of the applicable month if the cap request is received by UBS prior to such date or the seventh business day of the immediately following month if the request is received on or after such date. Please also be aware that interest on the Deposit Accounts, which is credited on the fifth business day of each month (as of the fourth business day of each month), will not be subject to

the cap. In this case, UBS will rebalance your Deposit Account to the cap level on the seventh business day of the month, 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 periodic account statement. Prospectuses for the available Sweep Funds may be obtained by contacting your Financial Advisor or online at www.ubs.com/sweeppyields. 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. 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 nor UBS AG will be responsible for any insured or uninsured portion of the Deposit Accounts. Please be aware that since UBS’s offer of a “cap” is on a per-account basis, if you have multiple accounts at UBS held in the same insurable capacity that sweep into the Bank, you may exceed the applicable FDIC insurance 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 exceeds the applicable FDIC insurance limit (including principal and accrued 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 SIPC and excess SIPC insurance obtained by UBS for your 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 or UBS AG. You may obtain publicly available financial information concerning the Bank at www.fdic.gov by clicking on the “Call and Thrift Financial Report” link

on the first page of that website and entering the “UBS Bank USA” name where requested 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 nor UBS AG guarantees 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 beneficiary is an Eligible Participant. Note, however, that an Eligible Participant will be considered by UBS (at its discretion) to be a non-Eligible Participant if UBS 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 (the “Code”), (b) estates, (c) enrolled in Investment Consulting Services programs (other than UBS InsightOneSM and PACESM ¹ 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) (other than IRAs established under the Code) or Section 403(b)(7) of the Code 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.

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 or for Puerto Rico residents only, into the Puerto Rico Short Term Investment Fund, Inc.² Please note that clients with Basic Investment Accounts, IRAs and IRA RMAs 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 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 or online at www.ubs.com/sweeeyields. Please read them carefully.

UBS 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 the applicable FDIC insurance limits, other investment alternatives, such as money market mutual funds, are not FDIC-insured, are not guaranteed by a bank, and may lose value.

How the Program Works

Deposit Procedures

When cash balances in your UBS securities account are first available for deposit (as described in the Account Information booklet included in your New Account kit), UBS, as your agent, will open a TA and an MMDA on your behalf at the Bank. As your agent, UBS will deposit available cash balances into your MMDA at the Bank (so long as all debits and charges to your UBS securities account are satisfied). Periodically, UBS will transfer funds from your MMDA to your TA at the Bank as necessary to satisfy debits received in your UBS securities account (for example, for

¹ Only free cash balances that are non-PACE assets are eligible to be swept under the Program.

² UBS 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, UBS RMA New Jersey Municipal Money Fund and Puerto Rico Short Term Investment Fund, Inc. State-specific municipal funds are designed for **residents of those states**. Puerto Rico Short Term Investment Fund, Inc. is offered exclusively to Puerto Rico residents as defined in the Fund’s prospectus. The Fund is not a money market fund registered under the U.S. Investment Company Act of 1940, does not comply with rules applicable to U.S. registered funds and presents a higher degree of risk than those funds. The Fund is sold by prospectus only, is NOT FDIC-INSURED, NOT BANK GUARANTEED, AND MAY LOSE VALUE.

securities purchases, checking and debit 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.³

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 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 below in the section titled "Relationship with UBS."

Withdrawal Procedures

All Deposit Account withdrawals necessary to satisfy debits or charges in your UBS securities account will be made by UBS as your agent. Debits are amounts due UBS 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 for checks, Bill Payment and Electronic Funds Transfer Services transactions, debit card purchases and cash withdrawals. 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 in the Account Information booklet section titled "Withdrawal Limit," the funds necessary to satisfy debits or charges (collectively, "Debits") in your UBS 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, UBS RMA New York Municipal Money Fund and Puerto Rico Short Term Investment Fund, Inc. (collectively, the "Tax-Exempt Funds"). If you should own shares in more than one Tax-Exempt Fund, shares of your current Tax-Exempt 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.; and second, UBS RMA California Municipal Money Fund, UBS RMA New Jersey Municipal Money Fund, UBS RMA New York Municipal Money Fund and Puerto Rico Short Term Investment Fund, Inc. 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 securities account's available margin, if your account has margin.

At some future time, UBS 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 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.**

³ Please note that clients with Basic Investment Accounts, IRA and IRA RMAs 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 an RMA or Business Services Account BSA®, you may obtain a prospectus online through UBS's Online Services.

Please be aware that the order in which your debits will be satisfied will be applied notwithstanding any prevailing yield 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 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 \$100,000; 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 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. Information regarding your available alternative sweep options and their current yields is available by contacting your Financial Advisor or online at www.ubs.com/sweeppyields. The value of your eligible Marketing Relationship assets will be calculated at each calendar month-end. This valuation will then be used to set your interest rate tier level for the interest period beginning on the fifth business day of the immediately following month. Please note that if you establish a new account that is not part of an existing Marketing Relationship, your account will be placed into the asset tier of \$499,999 to \$250,000 until the value of your eligible Marketing Relationship assets is calculated at the following calendar month-end. If your total eligible Marketing Relationship assets at UBS and the Bank are less than \$250,000 in the aggregate then you should expect 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 your eligible Marketing Relationship assets, UBS will evaluate those related UBS accounts that are:

- Combined with your account for monthly statement mailings (in other words, those accounts for which you receive statements sent to the same address in a single envelope). These related accounts (together with your account) 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 relationship has the same nine-digit ZIP code.

Please note, however, that in certain limited instances additional criteria may be applied. UBS in its sole discretion reserves the right to grant exceptions to its householding policy. If you (a) have different accounts with UBS 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 information, please contact your Financial Advisor.

The interest rate will be set by the Bank each business day and will apply to balances in the Deposit Accounts for that day and on any successive nonbusiness days. The interest rate applicable to the Deposit Accounts will be made available on the next business day following the day when the interest rate is set. 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 of each month (as of the fourth business day of each month). Please note that due to year-end processes, in addition to the regular crediting of interest in January of each year, interest will also be credited on the first business day of January (as of the last business

day in December). Information regarding current interest rates on the Deposit Accounts is available online at www.ubs.com/sweepyields, or through UBS'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 periodic account statement, including the total of your opening and closing Deposit Account balances and the interest earned for the referenced period.

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 RMA or Business Services Account BSA client you may, at no charge, enroll in UBS's Online Services, which permits you to view your UBS 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

Under the Program, UBS 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 as your custodian. As discussed above, you will be provided with a periodic account statement from UBS that will reflect the balances in the Deposit Accounts at the Bank. You should retain the account statements for your records.

UBS may, in its sole discretion and without notice, terminate your participation in the Program. If UBS 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 securities account.

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 securities account.

UBS 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 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 on your securities accounts (such as for returned checks or stop-payments), which are described in the "Selected Fees and Charges" section of the Account Information booklet, there will be no charge, fee or commission imposed on your securities account with respect to the Program.

Benefits to UBS and its Affiliates

Each of UBS, UBS Securities LLC and UBS AG 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 the applicable FDIC insurance limits (including principal and accrued interest) when aggregated with all other deposits held by you in the same insurable capacity at the Bank. Your funds become eligible for deposit insurance immediately upon placement in a Deposit Account. Generally, any accounts or deposits (including CDs issued by the Bank) that you maintain directly with the Bank, or through an intermediary (such as UBS) in the same insurable 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 applicable FDIC insurance limits. In the unlikely event that the Bank should fail, the Deposit Accounts are insured, up to the applicable

FDIC insurance limits, for principal and interest accrued through the day the Bank is closed. Interest is determined for insurance purposes in accordance with federal law and regulations. Should the Bank fail, your available cash will be automatically swept without limit into your designated Sweep Fund (if you have chosen a cap), or if you have not chosen a cap, into the UBS RMA Money Market Portfolio, UBS Cashfund Inc., or UBS Retirement Money Fund, based on your account type.

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 calculating the applicable FDIC insurance limit with any other deposits that you own in the same insurable 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 and CDs issued by the Bank.

Neither UBS 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. You may be required to provide certain documentation to the FDIC and UBS 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 acquiror 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 acquiror held in the same insurable 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 acquiror for purposes of federal deposit insurance.

The application of the applicable FDIC insurance limits is illustrated by several common factual situations discussed below.

Individual Customer Accounts. Non-retirement account deposits at any one depository institution held by an individual in an account in the name of an agent or nominee of such individual (such as the CDs held in a UBS account or 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 agent, nominee or custodian, but are added to other deposits of such individual held in the same insurable capacity (including funds held in a sole proprietorship) and insured up to \$100,000 in the aggregate. Deposits held through a qualified tuition savings program (529 Plan) will be insured as deposits of the participant and aggregated with other deposits of the participant if the arrangement and the name of the participant are identified on UBS's account records.

Joint Accounts. An individual's interest in deposits at any one depository institution 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 non-retirement account 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 and has a right of withdrawal on the same basis as the other co-owners.

Revocable Trust Accounts

General Rule. Deposits at any one depository institution 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 deposits of the owner held in an individual capacity at the depository institution and 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) UBS's 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 UBS's 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 above under "Joint Accounts."

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

Deposits at any one depository institution held 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 for the interest of each beneficiary provided that the beneficiary's interest in the account is non-contingent (i.e., 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. The interest of a beneficiary of irrevocable trust accounts in deposits at a depository institution created by the same grantor will be aggregated and insured up to \$100,000.

Medical Savings Accounts.

Deposits at any one depository institution held in a Medical Savings Account, sometimes referred to as an Archer

Medical Savings Account, will be eligible for deposit insurance as either an individual account, a revocable trust account or an employee benefit plan. You may wish to consult with your attorney or the FDIC to determine the available coverage.

Individual Retirement Accounts.

Funds held in an individual retirement account (an "IRA"), including traditional, Roth, SEP and SIMPLE IRAs, are insured up to \$250,000 in the aggregate. Funds held in an IRA will be aggregated with funds held in certain other retirement 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 \$250,000 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 up to \$250,000 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 insurable 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 or 800-925-4618 (TDD)) or by e-mail (dcainternet@fdic.gov) or by accessing the FDIC website at www.fdic.gov.

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