UBS Financial Services Inc.

Retirement Plan Asset Allocation Guide

Planning how to invest for your retirement may be one of the most important decisions you'll ever make. Asset allocation is a strategy that can serve as a valuable blueprint for your financial future.

Create a focused, disciplined investment plan

Asset allocation

What is an asset allocation strategy?

Asset allocation is the disciplined process of strategically dividing your money among a range of asset classes, such as stocks, bonds and stable value investments, each of which have different risk and return characteristics. (See the following pages for a description of each asset class and the risks typically associated with each.)

Taking into consideration your goals, time horizon and tolerance for risk, you can develop a focused, disciplined approach to investing that can help you pursue individual goals within your risk profile.

How does asset allocation work?

Asset allocation works on the principle that investments in various asset classes will react to changing markets with materially different rates of return and levels of volatility. Volatility risk is the risk that the value of your investments will fluctuate over time and could drop in value. For example, while one investment may suffer a decline due to market fluctuation, another investment may simultaneously increase in value and offset the decline.

Focus on the long term

It is also important to remember that asset allocation is a long-term strategy. It isn't about short-term investment returns or outperforming the stock market for the moment. The idea is to select an asset allocation and stick with it through the inevitable stock market ups and downs—reassessing as necessary and rebalancing when appropriate—while taking into account life events or changes in your risk profile.

It is important to note that asset allocation does not assure a profit or protect against a loss in declining markets.

Factors to consider

Your asset allocation strategy will also help you sharpen your focus on your retirement goals and how to get there. In determining your strategy, you will have to consider some very influential and important factors:

- What is your time horizon? (When will you need to start withdrawing your retirement assets?)
- How do you feel about risk? (Can you withstand volatile market conditions for an extended period of time?)
- What are your retirement goals? (How much money will you ultimately need?)

Keep in mind that your company's retirement plan represents only one aspect of your overall retirement savings strategy. In applying an asset allocation strategy to your retirement plan account and your individual situation, you should also consider other assets, income and investments, including home equity, individual retirement accounts (IRAs), personal savings, Social Security and other retirement savings plans.

The importance of periodic reviews

As with any long-term plan, it is important to periodically analyze and reevaluate your goals, objectives and overall strategy. Make sure any changes in your life situation are reflected in your investment choices. Planning for retirement today means taking responsibility for your financial future.

The UBS Retirement Plan Asset Allocation Strategies

UBS provides six proprietary, well-diversified asset allocation strategies that reflect a global investment viewpoint. Each asset allocation strategy is general in nature and not individualized for any particular participant. The strategies represent a blend of different asset classes that are prevalent in retirement plans; however, you should confirm they are offered by your plan. The strategies range from an investment mix that provides the least potential for appreciation with the least amount of expected volatility (conservative) to one that offers the greatest potential for appreciation with the greatest potential for volatility (aggressive). In addition, an all-equity strategy is available (see page 6, "All Equity").

UBS has changed its proprietary asset allocation strategies in the past and may do so in the future as circumstances warrant. Please contact your plan administrator for confirmation that you are using the most up-to-date version of this Guide. For a detailed explanation on the UBS processes and assumptions used in developing the asset allocation strategies, see the *Additional Information* section at the end of this guide.

About the asset classes

Money market funds

Some retirement plans offer money market funds, which invest in commercial paper, government securities, certificates of deposit and other highly liquid securities, and pay rates of interest. The fund's net asset value strives to remain a constant $1 per share with only the interest rate moving up or down.

Stable value investments

Stable value investment options may be structured in different ways; these options should be considered carefully before investing. Under some retirement plans, the stable value option is a separate account with the issuer that holds some combination of bonds, guaranteed investment contracts (GICs) and synthetic GICs. In the event of the insolvency of the issuer, the assets in the separate account may not be subject to general creditors' claims but rather only to the claims of the investors in the separate account. Under other plans, the stable value option is a commingled investment fund, which invests assets contributed by any number of qualified plans in the same types of assets.

Traditional GICs are contracts between an insurance company and a retirement plan or stable value fund under which the insurance company guarantees it will repay the amounts deposited under the contract at a predetermined date, together with interest at a fixed rate of return. The guarantee is made by the issuing insurer and is based on its ability to pay.

Synthetic GICs are bond portfolios that are owned by a retirement plan or stable value fund and "wrapped" by contracts issued by insurance companies, banks or other financial institutions. As with a traditional GIC, a synthetic GIC guarantee is made solely by the issuing insurer and is based on its ability to pay.

Stable Value investments seek to reduce the risk of principal loss and provide a consistent rate of return; however, they may offer limited potential for appreciation.

Fixed income

Fixed Income (Bonds) represent a loan from the purchaser of the bond to the company or government that issues the bond. In return, the issuer pays the purchaser interest until the "maturity date" (the date the loan is repaid) of the bond. The value of a bond investment usually rises when interest rates decline and decreases when interest rates rise. A bond's yield and value fluctuate and can be affected by changes in interest rates, general market conditions and other political, social and economic developments.

Stocks

A stock represents ownership in a company. Purchasers own a portion of that company and can participate in that company's potential for capital appreciation. Generally, the performance of the company impacts the share price, although the value of stock investments can also increase during periods when stock markets rise and decrease when stock markets fall.

Large company stocks

Large company stocks (large-cap stocks) are typically issued by well-established companies with market capitalizations of $10 billion or more. Market capitalization is the value of a company's outstanding shares in the marketplace. Large-cap stocks tend to be less volatile over the short term than small and medium company stocks.

Small and medium company stocks

Small company stocks (small-cap stocks) are issued by companies that have market capitalizations under $1 billion. Small-cap companies are subject to a greater degree of change in earnings and business prospects than are larger, more established companies. Medium company stocks (mid-cap stocks) are issued by companies that have market capitalizations between $1 billion – $10 billion. Investments in small and mid-cap stocks can be more volatile over the short term than investments in large-cap stocks. However, they can offer investors greater potential for appreciation.

International stocks

International stocks are issued by non-US companies. These companies are subject to the same risks as those mentioned in the previous stock descriptions. Also, foreign stock investments may have the following additional risks: currency fluctuation, market illiquidity, political risk and the lack of adequate or timely company information. Because they may react differently to market fluctuations, international stocks may offer an effective counterbalance to domestic stocks.

Asset class risks and rewards

Each asset class—and each investment option—has different risks and objectives, and tends to perform differently during various market cycles.

– Historically, equities are more risky than fixed income or cash investments since they experience greater volatility risk, which is the risk that the value of your investment may fluctuate over time. The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies and/or sectors in the economy.

– Over the long term, bonds have generally been less volatile than stocks but historically are subject to credit risk and interest rate risk. Credit risk is the risk that the company issuing a bond may be unable to pay interest or repay principal. Interest rate risk refers to the fact that the value of bonds may go up or down when interest rates fluctuate. For example, when interest rates rise, the value of a bond will decline, and vice versa.

– Money market investments have the least volatility risk but offer the least potential for appreciation in value. These investments are subject to inflation risk. Inflation risk is the risk you may not earn enough of a return on your money to cover inflation. Investors in money market funds should be aware that an investment in the fund is neither insured nor guaranteed by the US government. There can be no assurance that the fund will be able to maintain a stable net asset value at $1.00 per share or unit. These investments also may be subject to credit risk.

– A stable value fund does not constitute a balanced investment plan. Stable value investment contracts seek to reduce the risk of principal loss; however, investing in a stable value portfolio involves risk, including credit risk, management risk and loss of principal. These risks could result in a decline in the portfolio's value or cause a withdrawal or transfer from a portfolio to occur at less than a participant's invested value.

  Stable value investment contracts involve several unique risks, which include but are not limited to: a stable value investment contract issuer could default, become insolvent, file for bankruptcy protection or otherwise be deemed by the plan's auditor to no longer be financially responsible; some portfolio securities could become impaired or default; certain communications from the plan or the plan's agents may cause an investment contract to not pay benefits at contract value; or there could be a change in tax law or accounting rules. Other risks include a risk that fund returns will not keep pace with the cost of living (inflation risk) and that the fund's price per share will change as a result of movements in market interest rates, resulting in gains or losses on investments made in the fund (market risk).

  Additionally, there is a risk that a fund's income will decline as a result of falling interest rates. Investments are generally made for terms of at least two to five years, on average, producing a rate of fund income that generally will be higher than that earned on shorter-maturity money market funds. But because it is influenced by average interest rates over a period of several years, the fund's income yield may remain above or stay below current market yields during some time periods (income risk). Any of these risks, if realized, may cause a write-down in the value of a portfolio and a risk of loss of all or a part of a participant's invested value in a portfolio.

When choosing your investment strategy, you should keep in mind the risks and potential rewards associated with each asset class.

Updating your deferral allocation

Once you have identified the strategy that is right for you, you should consider updating your account so your future contributions are invested into the funds that match your selected allocation.

Rebalancing your account

Because the performance of the various asset classes will vary over time, you can expect your retirement account's asset allocation percentages to become out of balance from your original strategy. Rebalancing your account simply means reallocating your investments back to your initial asset allocation strategy. Using your retirement account statement, you can compare your current asset allocation with your original asset allocation strategy and determine when it's time to rebalance.

Please note, certain plans may place trading restrictions on transfers between conservative bonds or stable value investments. These restrictions are generally put in place in order to maintain the stability of the overall funds and to prevent market timing. To learn if your specific retirement plan has these types of restrictions, please see your plan's Summary Plan Description.

UBS Retirement Plan Asset Allocation Strategies

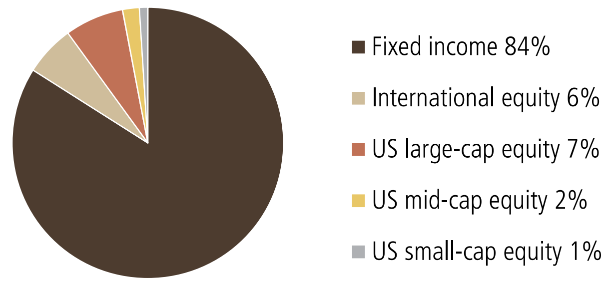
Read the descriptions of the hypothetical investors for each strategy below and see which you identify with. Remember that in applying any of these strategies to your individual situation, you should consider your age, proximity to retirement, personal risk tolerance, assets, income and investments outside of the plan such as equity in a home, IRA investments, savings accounts and other benefit plans.

1. Conservative strategy

Hypothetical investor who:

- Is approaching retirement (age 60 or over) and wants little exposure to stock market fluctuations in anticipation of needing to withdraw investment savings soon
- Is a younger investor with a very low tolerance for risk
- Is anticipating the need to withdraw money from the plan soon and wants little exposure to stock market fluctuations

This strategy has less volatility risk and is subject to, over the long term, less protection against inflation than the following, more aggressive strategies.

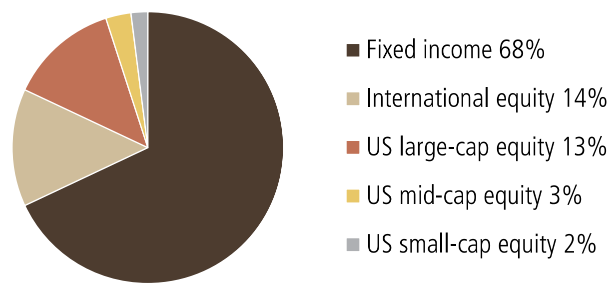


2. Moderately conservative strategy

Hypothetical investor who:

- Is drawing closer to retirement (age 50 – 60) and wants some exposure to stock market growth, but predominantly prefers the relative stability of fixed income investments
- Is a younger investor with a low tolerance for risk
- Is anticipating a need to withdraw money from the plan soon and, therefore, wants most of the assets in the account to have little exposure to stock market fluctuation

This investment strategy is predominantly conservative with relatively small exposure to stock investments and, therefore, is subject to higher inflation risk than the following, more aggressive strategies.

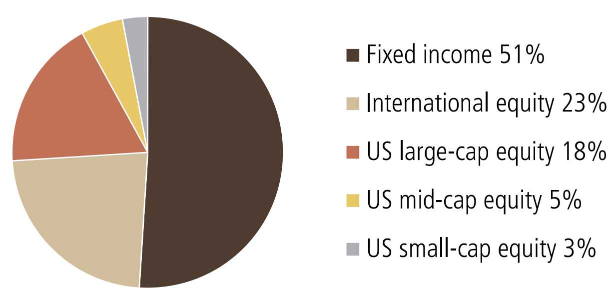


3. Moderate strategy

Hypothetical investor who:

- Has quite a few years to go until retirement (age 40 – 50) but prefers a more even mix between the stability of less volatile fixed income investments and the potential for growth offered by stocks
- Is a younger investor who does not have a high risk tolerance and is willing to forego potentially higher investment returns in order to obtain a potentially less volatile overall investment strategy

This strategy is for an investor who can withstand some fluctuation in the overall value of the account, but is averse to the level of risk associated with the following, more aggressive strategies.

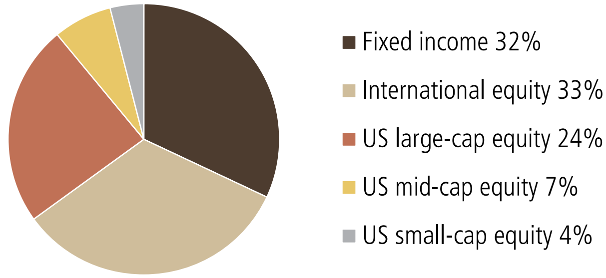


4. **Moderately aggressive strategy**

Hypothetical investor who:

- Has quite a few years to go until retirement (age 35 – 45) but prefers a moderate growth approach that balances the relative stability of bond investments with the potential for growth offered by stocks
- Is a younger investor who has a moderate risk tolerance but still seeks potentially higher investment returns

This strategy is for an investor who can withstand some fluctuation in the overall value of the account but who is averse to the level of risk associated with the following, more aggressive strategies. This strategy has less volatility risk and provides, over the long term, less protection against inflation than the following, more aggressive strategies.

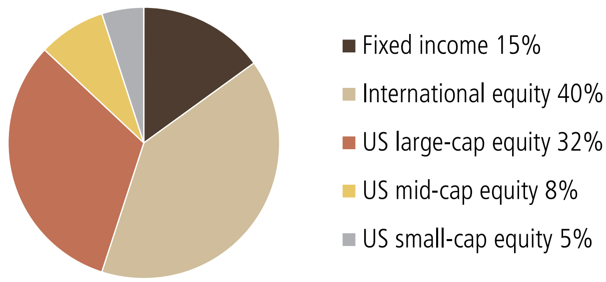


5. **Aggressive strategy**

Hypothetical investor who:

- Has many years to go until retirement (age 30 – 40) and has the ability to ride out stock market fluctuations in pursuit of potentially higher growth. This investor desires to have stock market exposure with less volatility risk than the All Equity strategy
- Is a younger investor who has a high risk tolerance and seeks potentially higher investment returns
- Is somewhat closer to retirement, but is willing to accept the risk of seeking potentially higher returns in a shorter timeframe

This strategy, like the All Equity strategy, is for an investor with a fairly high tolerance for risk. In comparison to the very aggressive All Equity strategy, it carries less volatility risk and is subject to less potential protection against inflation over the longer term.

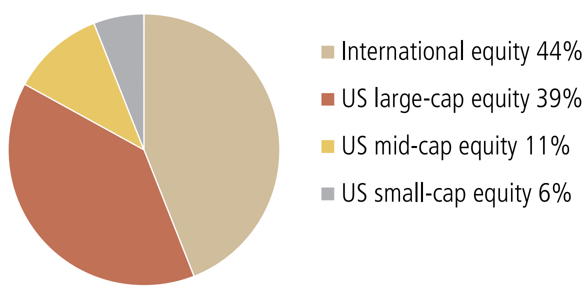


6. **All Equity**

Hypothetical investor who:

- Has many years to go until retirement (age 20 – 30) and can ride out stock market fluctuations in pursuit of higher growth potential
- May be closer to retirement but has a very high tolerance for risk and is seeking to maximize the potential for higher growth in assets, regardless of possible large fluctuations in account value. This investor may also have more plan assets to invest or other assets outside of the plan.

This strategy is for an investor with the highest risk tolerance. Compared to the other strategies, this strategy has the most volatility risk but, over the long term, may provide the most potential protection against inflation.



Additional information

Introduction
The UBS Retirement Plan Asset Allocation strategies ("UBS Retirement Strategies") are provided for illustrative purposes and were designed for hypothetical participants in US defined contribution retirement plans with a total return objective under six different Investor Risk Profiles (which include varying time horizons): conservative, moderately conservative, moderate, moderately aggressive, aggressive and in addition, an all-equity strategy. The strategies employ high level asset classes that are typically offered in a US defined contribution retirement plan menu.

Your plan may have more than one investment offering in each asset class as well as additional asset classes. It is also possible that your plan may not offer an investment in each asset class. Information with respect to the investments offered in your plan and the asset class in which it is categorized is available from your employer or plan administrator.

Strategic (long-term) asset allocation strategies will differ among investors based on their individual circumstances, risk tolerance, return objectives and time horizon. The information and materials presented here are not based on your particular financial situation or needs and do not constitute a recommendation by UBS or any UBS Financial Advisor. The UBS Retirement Strategies in this Guide may not be suitable for all plan participants or investment goals and should not be used as the sole basis of any investment decision.

You are not required to implement any of the Retirement Strategies and you must make your own independent decisions regarding the selection of specific investments in your plan account. UBS will not monitor the ongoing use of this Retirement Plan Asset Allocation Guide or individual participant asset allocation strategies and investment choices. Please be aware that the information and materials provided to you by a UBS Financial Advisor are intended to be investment education and that neither UBS nor any of its agents or representatives, including the Financial Advisor, has agreed to provide "investment advice" under ERISA Section 3(21)(A)(ii) and CFR 2510.3-21(C), or otherwise act as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code, as amended, with respect to your plan account or any investment decision concerning that account.

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Methodology
The UBS Retirement Strategies were developed by the UBS Wealth Management Americas Asset Allocation Committee ("Asset Allocation Committee"). In developing the strategies, the Asset Allocation Committee determined a volatility target (standard deviation percentage)* for each of the strategies. Then, using UBS's proprietary capital market assumptions (described below) the Asset Allocation Committee created allocations that seek to maximize the average estimated return (mean) for the given volatility target and using only the specified high level asset classes. Detailed information about the UBS methodology of deriving capital market assumptions and asset allocation strategies is described in the publication entitled "Strategic Asset Allocation (SAA) Methodology and Portfolios." Your plan's UBS Financial Advisor can provide you with a copy.

Capital Market Assumptions
Capital market assumptions are UBS's estimated return and risk (as measured by standard deviation) assumptions, which are based on UBS proprietary research, with the development process including review of a variety of factors such as the risk, return, correlations and historical performance of various asset classes, inflation and risk premium. These capital market assumptions are estimates of forward-looking average annual returns for a particular asset class. They do not represent the return of a particular security or investment and are not guaranteed.

UBS's capital market assumptions significantly influence the UBS Retirement Strategies. UBS has changed its capital market assumptions and asset allocation strategies in the past and may do so in the future. Neither UBS nor your UBS Financial Advisor is required to provide you with updated Retirement Strategies based upon changes to these or other underlying assumptions; however, the UBS Financial Advisor for your plan can provide you with the most updated Guide.

A fund's prospectus contains more complete information about the fund, including information on investment objectives, risks, charges and expenses and risk factors. Please contact your Financial Advisor for a prospectus. The prospectus contains this and other important information that you should read and consider carefully before investing. The value of the fund will fluctuate.

* Standard deviation is a measure of the dispersion of returns for an investment; the higher the value, the more variable the pattern of returns on a security, portfolio or index over a specified time period.

Neither diversification nor asset allocation assure a profit or protect against loss in declining markets.

The value of investments in equity securities will fluctuate in response to general economic conditions and to changes in the prospects of particular companies and/or sectors in the economy.

Small-cap stocks may be subject to a higher degree of risk than more established companies' securities, including higher volatility.

Foreign investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments.

Fixed income securities are affected by a number of risks, including fluctuations in interest rates, credit risk and prepayment risk. In general, as prevailing interest rates rise, fixed income securities prices will fall. Bonds face credit risk if a decline in an issuer's credit rating, or credit worthiness, causes a bond's price to decline. For more detail on the risks associated with fixed income securities, please speak with a Financial Advisor.

Neither UBS Financial Services Inc. nor its employees (including its Financial Advisors) provide tax or legal advice. You should consult with your legal counsel and/or your accountant or tax professional regarding the legal or tax implications of a particular suggestion, strategy or investment, including any estate planning strategies, before you invest or implement.

UBS Retirement Plan Consulting Services is an investment advisory program. Details regarding the program including fees, services, features and suitability are provided in the ADV Disclosure.

Important information about advisory and brokerage services
It is important that you understand the ways in which we conduct business and the applicable laws and regulations that govern us. As a firm providing wealth management services to clients in the US, we are registered with the US Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Though there are similarities among these services, the investment advisory programs and brokerage accounts we offer are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. While we strive to ensure the nature of our services is clear in the materials we publish, if at any time you seek clarification on the nature of your accounts or the services you receive, please speak with your Financial Advisor. For more information, please visit our website at **ubs.com/workingwithus.**

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