
Financial Planning Services Disclosure Brochure

UBS Financial Services Inc.

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This brochure provides information about the qualifications and business practices of UBS Financial Services Inc. and our financial planning services that you should consider before becoming a client of any of these programs.

If you have any questions about the content of this brochure, please contact us at 888-526-7454. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about UBS Financial Services Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Please note that registration as an investment adviser does not imply a certain level of skill or training.

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ITEM 2. MATERIAL CHANGES

This section describes the material changes to our Financial Planning Services ADV Disclosure Brochure since the last annual amendment of our Form ADV on March 31, 2010.

Financial Planning Services Offered

- We have updated the client net worth ranges for each of our services. Please see the service discussions in "Financial Planning Services Offered" for details.

Fees and Billing Practices

- The fee schedules for our Financial Planning services have changed. Please see "Fees and Compensation" for details.

Disciplinary History

- Please see Section 9 of this Brochure for updates to the disciplinary events reported for UBS Financial Services and its management personnel.

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About UBS Financial Services Inc.

UBS Financial Services Inc. ("UBS") is one of the nation's leading securities firms, serving the investment and capital needs of individual, corporate and institutional clients. We are a member of all principal securities and commodities exchanges in the United States including the New York Stock Exchange ("NYSE"). Our parent company, UBS AG is a global, integrated investment services firm and one of the world's leading banks. We are registered to act as a broker-dealer, investment adviser, and futures commission merchant.

As a registered investment adviser, we complete a Part I of Form ADV, which contains additional information about our business and our affiliates. This information is publicly available through our filings with the U.S. Securities and Exchange Commission (SEC) at www.adviserinfo.sec.gov.

This information is current as of the date of this document and is subject to change at our discretion.

Conducting Business with UBS: Investment Advisory and Broker Dealer Services

As a wealth management firm providing services to clients in the United States, we 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.¹

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 as you have requested.

In addition, some of our Financial Advisors hold educational credentials, such as the Certified Financial Planner™ (CFP®) designation. Holding a professional designation typically indicates that the Financial Advisor has completed certain courses or continuing education. However, use of such designations does not change UBS' or the Financial Advisor's obligation with respect to the advisory or brokerage products and services that may be offered to you.

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.

Our services as an investment adviser and our 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, mutual funds, exchange traded funds and other securities offered through our investment advisory programs.

Generally, when we act as your investment adviser, we will enter into a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) to you for our advisory program(s) which provides 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

We may charge for our investment advisory services in any of the following ways:

- A percentage of the amount of assets held in your advisory account
- A flat annual fee
- A combination of asset based fee and commissions
- Periodic fees
- Financial planning services are available for a fee

Generally, your Financial Advisor will receive a portion of the fees you pay us.

¹ Examples of our advisory programs and services include our financial planning services and our ACCESS, Portfolio Management Program, Managed Accounts Consulting, UBS Institutional Consulting, UBS Strategic Advisor, UBS Strategic Wealth Portfolio, UBS Managed Portfolio Program, and PACE programs. Examples of our brokerage accounts include our Resource Management Account® and the International Resource Management Account.

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Our Fiduciary Responsibilities as an Investment Adviser

When you participate in one of our investment advisory programs, we are considered to have a fiduciary relationship with you.² The fiduciary standards are established under the Investment Advisers Act of 1940 and state laws, where applicable, and 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.

Termination of your advisory account will end our investment advisory fiduciary relationship with you as it pertains to that account and, depending on the terms of your specific investment advisory agreement with us, will cause your account to be converted to, and designated as, a brokerage account only.

Our Services as a Broker-Dealer and Our 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 account 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 services we provide to our clients with respect to their brokerage accounts is 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. Instead, 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 (RMA). If you choose to pay on a transaction-by-transaction basis, we can act as either your agent or "broker," or as a "dealer."
- When acting as your agent or broker, we will charge a commission to you each time we buy or sell a security for you.
- When acting 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.

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

Our Responsibilities to You as a Broker-Dealer

- The Securities Exchange Act of 1934
- The Securities Act of 1933
- The rules of the Financial Industry Regulatory authority (FINRA)
- The rules of the New York Stock Exchange
- State laws, where applicable

These laws and regulatory agencies have established certain standards for broker-dealers which include:

- As your broker-dealer, we have a duty to deal fairly with you. Consistent with our duty of fairness, we must ensure 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.

² Our status as a fiduciary under the Investment Advisers Act will not, in itself, make us a fiduciary under ERISA or the Internal Revenue Code. We will not act in such capacity unless we have agreed to do so in writing.

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- 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. Absent special circumstances, we are not held to the same legal standards that apply when we have a fiduciary relationship with you, as we do when providing investment advisory services.**

Our legal obligations to disclose detailed information to you about the nature and scope of our business, personnel, fees, conflicts between our interests and your interests and other matters are more limited than when we have a fiduciary relationship with you.

ITEM 4. SERVICES, FEES AND COMPENSATION

This brochure describes our financial planning services.

A. Our Firm and Corporate Structure

UBS Financial Services Inc. was organized as a Delaware corporation on June 30, 1969. It is a wholly owned subsidiary of UBS Americas Inc., which in turn is a wholly owned subsidiary of UBS AG. UBS AG is a publicly held company. UBS Financial Services became a registered investment adviser on January 22, 1971.

B. Our Advisory Services

FINANCIAL PLANNING SERVICES

This Brochure describes three distinct financial planning services along with their features and fees. All three financial planning services provide a personalized report to help you assess your financial situation and your ability to pursue specific financial goals. You may select among these services based on your objectives, level of wealth and the overall complexity of your financial needs.

Financial planning is an investment advisory service that creates a fiduciary relationship. This means that we must place your interests above our own. This Disclosure Brochure explains your rights and our obligations in providing you with your financial plan. Please read it carefully and keep it for your records. Please note that although we act as your investment adviser in providing a financial plan to you, this does not affect any other relationship you may have with your Financial Advisor or UBS. The nature of your existing UBS accounts, your rights and obligations relating to these accounts, and the terms and conditions of any UBS account agreement in effect do not change in any way.

Our financial planning services do not include initial or on-going advice regarding specific securities or other investments. In addition, you should understand that our financial planning service ends upon our delivery of the plan to you, as will the fiduciary relationship that arises from providing you with this service. You are not required to establish accounts, purchase products that UBS distributes, or otherwise transact business with UBS Financial Services Inc. or any of our affiliates in order to put into action any aspect of your financial plan. If you would like UBS to be involved with helping you develop an investment strategy, we would welcome the opportunity to assist you. The capacity in which we act when helping you implement an investment strategy will depend on, and vary by, the nature of your accounts (i.e., brokerage or advisory accounts) used for such implementation.

Any information presented in a financial plan regarding potential tax considerations is not intended as tax advice and should not be relied upon for the purpose of avoiding any tax penalties. Neither UBS Financial Services nor any of its employees provide tax or legal advice and our financial planning services are not intended to provide, and should not be construed as providing, such advice. You must consult with your legal or tax advisors regarding your personal circumstances. In addition, except for the Puerto Rico Financial Goal Analysis, our financial plans assume that you are a U.S. citizen or resident and subject to U.S. taxes. Our financial plans may therefore not be applicable to or appropriate for non-US citizens or those persons subject to other tax jurisdictions and requirements. The Puerto Rico Financial Goal Analysis assumes that you are a U.S. citizen and a resident of Puerto Rico, and therefore may not be applicable or appropriate for persons subject to other jurisdictions and requirements.

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You should also understand that a financial plan does not address every aspect of a client's financial life (e.g., areas not covered include analysis of property and casualty, homeowners, medical and excess liability coverage, etc.). Please consult with your Financial Advisor regarding the specific topics included in your financial plan. Please note that a topic may not be included in your financial plan for a variety of reasons (e.g., insufficient data provided, separate analysis to be provided, etc.) and that such omission does not indicate that the topic is not applicable to your financial situation. Also, unless otherwise noted, our financial planning services do not analyze your estate planning documents and, accordingly, the current estate and death tax liabilities illustrated are estimates. You are advised to seek the counsel of your legal and tax advisors for a complete analysis of your estate and death tax liabilities.

We offer other Advisory services not described in this brochure. If you would like more information please ask your Financial Advisor for the Form ADV Disclosure Brochure for those programs and services.

We do not hold ourselves out as specializing in a particular type of advisory service or strategy. Instead, our advisory programs and services offer a broad variety of strategies, investment options and asset allocations and features.

- **Wrap Fee Programs:**

<u>Program type</u>	<u>Program type</u>
Discretionary programs	UBS Managed Portfolio Programs and Portfolio Management Program
Separately managed accounts (SMA) programs	ACCESS and Managed Accounts Consulting
Unified managed accounts program	UBS Strategic Wealth Portfolio
Non-discretionary Advisory programs	PACE and UBS Strategic Advisor Program

- **Financial education program:** an employer or other sponsoring entity can contract with UBS to have a UBS Financial Advisor provide one or more of a series of financial education seminars to their employees or members (generally, but not always, at no charge to the employee or member) or to the public for a fee.

- **Consulting Services:** available to retirement plans, institutions and corporate clients for an asset-based fee, a fixed fee, mutual fund distribution and finder's fees or brokerage commissions, as well as a combination of a consulting fee with a brokerage offset or transaction fee.

There are important differences among these Programs in terms of services, structure and administration, the depth of research conducted on the managers available in the programs, Fees and the compensation that Financial Advisors receive. Please review the details of each service and program carefully as you decide which program is appropriate for your investment needs.

While we offer an extensive list of investment options, strategies and a variety of asset allocation models and investment strategies, our offerings are limited to those approved for sale or recommendation at the firm. We do not offer or recommend every investment strategy, asset allocation model, financial planning strategy or investment available in the industry.

Qualifications of Financial Advisors and Specialists Who Provide Financial Planning Services

Most of our Financial Advisors are registered as broker-dealer and investment adviser representatives. We do not impose special requirements such as length of service, education or qualification requirements (other than the required registrations) for Financial Advisors who participate in our Financial Planning Services. Some advisory programs require that Financial Advisors fulfill certain internal training requirements in order to undertake certain activities.

Generally, our Financial Advisors and professional personnel who provide financial planning services to clients have a college degree and/or securities industry experience. In addition, certain Financial Advisors and other UBS Financial Services Inc. employees participating in financial planning services may possess a professional designation (e.g. Certified Financial Planner (CFP), Chartered Financial Consultant (ChFC), etc.) or an internal certification. Holding a professional designation typically indicates that the Financial Advisor or UBS Financial services Inc. employee has completed certain courses or continuing education. However, use of such designations does not change the nature of UBS' or the Financial Advisor's obligation with respect to the advisory or brokerage products and services that may be offered to you.

Private Planning Services are developed and delivered by "Private Planning Specialists". Private Planning Specialists may hold advanced professional designations such as a JD, CPA, Masters Degree in Taxation, Certified Financial Planner (CFP) and Chartered Financial Consultant (ChFC), Certified Life Underwriter (CLU), Chartered Advisor in Philanthropy (CAP) and Accredited Estate Planner (AEP).

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Starting July 2011, we will provide to you a Brochure Supplement for your Financial Advisor and, if applicable, any specialist involved in providing the financial planning service to you. The Brochure Supplement includes information regarding your Financial Advisor's education, business experience, disciplinary history, outside business activities, their compensation and supervision. You may also obtain information about your Financial Advisor, their licenses, educational background, employment history, and if they have had any problems with regulators or received serious complaints from investors through the FINRA BrokerCheck service available from FINRA at <http://www.finra.org>, or from the Securities and Exchange Commission at www.adviserinfo.sec.gov.

You can also contact your state securities regulator through the North American Securities Administrators Association's website at <http://www.nasaa.org> and request information about our firm and your Financial Advisor.

FINANCIAL PLANNING SERVICES OFFERED

1. FINANCIAL GOAL ANALYSIS

The Financial Goal Analysis report provides individuals with generalized guidance on one or more financial goals and objectives. This goal-based analysis is generally intended for individuals who have a net worth in the range of \$250,000 - \$10,000,000. Financial Goal Analysis is available directly from your Financial Advisor.

Using information that you provide, the Financial Goal Analysis consists of various sections predetermined by you and your Financial Advisor based on your specific needs. The Report may include an analysis of one or more of the following areas: Current Plan (a summary of current assets and their assignment to specific goals), Net Worth, Investment Profile, Asset Allocation Results, What If Comparison (a summary comparison of the Current Plan to an Alternative Plan), Life Insurance Needs Analysis, Disability Needs Analysis, Long Term Care Needs Analysis, Estate Analysis (a summary of the current estate predicated upon information provided by the client), and Stock Options Summary (calculations based on Client's selection of potential future price and exercise strategy – up to 3 scenarios can be provided).

The Financial Goal Analysis Puerto Rico report, which is available to residents of Puerto Rico from Financial Advisors in our Puerto Rico offices, may include an analysis of one or more of the following areas: Financial Statements (a summary of assets, liabilities, income and expenses), Asset Allocation Results (current and suggested), Retirement and Education Plans, What If Comparison (a summary comparison of the Current Plan to an Alternative Plan), Risk Management (Life and Disability Insurance Needs and Long Term Care Needs), Estate Planning (a summary of the current estate predicated upon information provided by the client), and Stock Options Summary (a summary of the current estimated value of "option equity" for fully vested options).

2. PREFERRED PLANNING SERVICE

The Preferred Planning Service provides individuals with general guidance on multiple financial goals. The Preferred Planning report is a cash flow based analysis designed to provide a detailed review of your financial planning objectives. The service is generally intended for individuals who have a net worth in the range of \$2,000,000 - \$25,000,000. Preferred Planning Service is available directly from your Financial Advisor or may be prepared by the Financial Planning Group and delivered by your Financial Advisor or other UBS specialist.

Using information that you provide, the Preferred Planning Service generates a report consisting of various sections predetermined by you and your Financial Advisor based on your specific needs. The Preferred Planning report may include an analysis of one or more of the following areas: Financial Goals, Current Net Worth and Income Statement, Current Cash Flow, Education Planning, Major Purchase Planning, Risk Management Planning (can include disability and long term care needs), Asset Allocation, Estate Planning, Survivor Needs Analysis and an Alternative Plan and Recommendations.

3. PRIVATE PLANNING AND STRATEGIC FINANCIAL REVIEW SERVICES

The Private Planning Service provides individuals with a customized "Private Plan" report. The service is intended for individuals with complex planning needs and a net worth in excess of \$25,000,000. The Private Plan is prepared and delivered by members of the Private Planning Group or other UBS specialist.

A current "cash flow based" analysis is provided to illustrate your present financial condition and an alternative cash flow is provided to illustrate the hypothetical impact that may result from the adoption of certain strategies. The Private Planning Services can provide a combination of short term and long term analysis based upon your immediate and longer range financial situation.

The Private Planning Service is comprised of three distinct phases. Though not a requirement, we believe it is valuable that our professionals coordinate with your legal and tax advisors during the development of the Private Planning Report so that they may assess the legal and tax issues of the planning strategies we discuss. As we do not provide legal or tax advice, you are encouraged to include your legal and tax advisors in all discussions and meetings held during each phase of the Service.

Phase I: Data Gathering and Construction of Personal Net Worth Statements

Phase I generally includes Data Gathering, development of a Net Worth Statement and supporting schedules and development of a Sources of Income Statement and supporting schedules. Phase I also generally includes one or more discussions to confirm the accuracy of the data, goals and objectives as well as to determine certain planning assumptions that will be incorporated in Phase II.

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Phase II: Construction and Review of the Current Position

Phase II generally includes analysis of your Asset Allocation, Lifetime Cash Flows, Income Taxes (cash flows are affected to reflect the potential impact of income taxes), Estate Planning and Survivor Cash Flows. Phase II may include discussions concerning issues identified by an analysis of the Current Position, confirmation of the assumptions used to develop the Current Position and those assumptions to be used in Phase III.

Phase III: Construction and Review of the Alternative Position

Phase III generally includes modeling of Alternative Strategies to address issues identified in Phase I and II and the illustration of these strategies in Alternative Lifetime Cash Flows, Alternative Estate, and Alternative Survivor Cash Flows. Phase III generally includes discussions focusing on the strategies illustrated and their impact upon cash flows, goals and objectives.

Private Planning Strategic Financial Review Service:

This Strategic Financial Review Service is a sub-service of the Private Planning Service, and is identical in scope to Phases I and II of the Private Planning Service, as outlined above.

CORPORATE EMPLOYEE FINANCIAL PLANNING SERVICE

For corporations that wish to offer financial planning services to a group of their employees, one or more of the services identified above may be provided directly to the employee(s). Fees will be negotiated based upon the services selected. Note that the fee for these services may be more or less than the fees assessed to an individual client receiving the same service.

See "Fees and Compensation" for a description of the fees for our Financial Planning Services.

C. How We Tailor Our Advisory Services

All of our Financial Planning services are based on information you provide regarding your particular goals and circumstances.

We tailor our Financial Goal Analysis and Preferred Planning services to your specific investment objectives, risk tolerance and goals in various ways, including the following:

- **Reports.** The financial plan reports we provide can be tailored to meet your particular needs and goals. You and your Financial Advisor can determine which types of analysis to include in your reports. See "Financial Planning Services Offered" for more detail about the services and the plans.

- **Asset Allocations and Strategies.** If the plan includes a target allocation for you, the asset allocation will be based on a proprietary process which offers (depending on the software program) either five or seven possible asset allocation models. Your responses to certain risk tolerance questions are scored to determine an appropriate asset allocation.

Investment strategies are assigned a risk category rating. Responses to the risk profile questions are scored in order to determine an appropriate strategy that is within your stated risk profile. The risk category ratings were developed to approximate investor expectations of risk and reward, and to reflect the preferences of a range of investors from conservative to aggressive. Investment strategies within a particular risk category may employ a variety of investment approaches, but are expected to share similar return and volatility characteristics over the long term. There can be no assurance that the stated investment objectives of the investment strategies will be realized.

With the advice of your Financial Advisor, you can select an investment strategy or asset allocation within your risk profile. You may tailor your allocations to your needs from the recommended asset allocation by certain levels not to exceed internally determined risk bands.

In certain situations, you may select an investment strategy one category higher or any category lower as compared to your profile.

The Private Planning services are tailored to your needs by providing a phased approach to data collection and analysis. We provide a customized financial plan designed to illustrate your entire current situation, include any tax and estate planning implemented to date. We also identify opportunities based on your current situation and model alternate strategies for consideration. The private plan report will include the appropriate sections based on your needs and the information you provided.

D. Participation in Wrap Fee Programs

Our financial planning services do not include the participation or offering of those services in wrap fee programs.

We provide our own portfolio management services, and in some programs, those of our Financial Advisors as discretionary portfolio managers in the wrap fee programs we sponsor. We receive a wrap fee for those services and share a portion of that fee with Financial Advisors who participate in the wrap programs. Details of the programs are available in our Wrap Fee Disclosure Brochure which is available from your Financial Advisor.

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Financial Advisors who participate in wrap fee programs may also have clients with accounts in brokerage or other advisory programs. The services and management of those accounts differ. For example, when acting in discretionary capacity, PMP Financial Advisors should place transactions for their PMP clients' accounts prior to soliciting the same securities in their non-discretionary advisory and brokerage clients' accounts. PMP Financial Advisors are also subject to an internal personal trading policy.

Our activities as portfolio manager and sponsor of wrap fee programs are separate from our financial planning services.

E. Assets Under Management

Our financial planning services do not include our management of client assets on a discretionary or non-discretionary basis.

Our assets under management in wrap fee programs as of February 28, 2011 are listed below. Although this information does not apply to our financial planning services, it provides you additional background regarding our activities as investment adviser.

• Non-discretionary Programs:	126,032,660,374
• Discretionary Programs:	48,666,034,586
• Total:	174,698,694,960

ITEM 5. FEES AND COMPENSATION

The fee that you pay for our financial planning services covers our advice and the development and delivery of a financial plan.

A. Financial Planning Fees

Financial Goal Analysis:

Fees for this service are negotiated and will not exceed \$10,000. The Puerto Rico Financial Goal Analysis is currently available at no charge.

Preferred Planning Services:

Fees for this service are negotiated and will not exceed \$20,000.

Private Planning Services:

Fees for this service are negotiated and will not exceed \$50,000.

Private Planning Strategic Financial Review Service:

Typically the Strategic Financial Review report is provided free of charge, but a fee up to \$50,000 may be negotiated.

Corporate Employee Financial Planning Service:

Fees will be negotiated based upon the services selected. Note that the fee for these services may be more or less than the fees assessed to an individual client receiving the same service.

Fees for our financial planning services are negotiable, and are at our sole discretion, may be waived, and may differ from client to client based on a number of factors. These factors include, but are not limited to:

- the financial planning service selected,
- the scope of the engagement,
- the complexity of the services provided, and
- the nature and amount of client assets involved.

Our ability to charge a fee less than the maximum or waive the fee may result in one client paying for the same set of services provided to another client at a lower fee or free of charge. We may also discount fees for clients purchasing multiple financial planning reports and services or in connection with sales promotions or marketing campaigns.

Your Financial Advisor receives a percentage of the Financial Planning Fees you pay to us.

Fees as well as other account requirements may vary as a result of the application of prior policies depending upon when you received financial planning services from us. From time to time, the fees for financial planning or certain Advisory services available through UBS may be reduced for our employees, certain other family members or employees of our affiliates.

Other types of fee arrangements—such as a wrap fee arrangements, fee plus commission, or a fixed fee arrangement—are available in other advisory programs and services. We may enter into special agreements to provide other services involving specific clients, Financial Advisors or any of our branch offices. For more information regarding the above, contact your Financial Advisor.

In addition, certain aspects of a financial plan may be available separately to you through the firm as a brokerage service and at no charge. For instance, we can review your progress toward achieving certain established financial goals through one of our brokerage services. In the future we may also offer goal-based reports at no charge that analyze your ability to reach certain goals and are separate from the financial planning services or reports we provide. We also have various asset allocation tools that a Financial Advisor may use to develop a proposed asset allocation appropriate for your needs at no charge to you.

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You should consider these factors carefully before engaging in the Financial Planning Services for a fee.

B. Billing Practices

When fees are assessed, all fees associated with the financial planning service are disclosed, in advance, in a separate service agreement. The fees for the service are generally payable at the time you enter into the service agreement rather than after delivery of the plan. However, other fee arrangements may be offered at our sole discretion. Payment is made by check or, by debit from a UBS account you designate. Clients may cancel the agreement for the services and receive a full refund of fees paid by contacting their Financial Advisor within 5 business days from the date the service agreement is accepted by us. After that period, the fee is non-refundable.

C. Fees/Other Charges Not Covered by Your Financial Planning Fee

The fee you pay covers only the financial planning services selected as set forth in the service agreement you enter into with us. The fee does not cover any other services, accounts or products. Therefore, if you maintain accounts with us, or if we assist you in implementing your financial plan, you will pay other charges in addition to the financial planning fee. This will add to the overall compensation that we receive. The Financial Planning Fees will not be reduced or offset by these other fees. Notably, these additional fees will reduce the overall return of accounts you maintain with us. Examples of additional fees you may incur that are not part of the financial planning fees include:

- Implementation of your Financial Plan: Our Financial Planning Fee does not include the asset-based fees, transaction based charges or commissions, account maintenance fees or other charges you may incur in implementing your financial plan. You will incur such fees whether you implement your financial plan at UBS or at other financial institutions.
- custody fees imposed by other financial institutions if you choose to custody your assets at other financial institutions;
- mark-ups/mark-downs on principal transactions with us or other broker-dealers;
- internal trust fees;
- costs relating to trading in foreign securities (other than commissions otherwise payable to us);
- internal administrative, management, redemption and performance fees that may be imposed by collective investment vehicles such as open-end and closed-end mutual funds, UITs, hedge funds and other alternative investments, exchange-traded funds or real estate investment trusts; and

- other specialized charges, such as transfer taxes, and fees we charge to customers to off-set fees we pay to exchanges and/or regulatory agencies on certain transactions, though in some cases the charges may exceed our actual costs.

Either UBS Financial Services or UBS Credit Corp. will also charge interest on any outstanding loan balances (including margin loans) to clients who borrow money from us or UBS Credit Corp. Clients also may be charged additional fees for specific account services, such as:

- ACAT transfers
- Wire transfer charges
- Annual and termination fees for retirement accounts
- Annual and termination fees for RMAs or Business Services Accounts (BSAs)

D. Compensation to Financial Advisors Who Recommend Advisory Programs

UBS Financial Services Inc. is one of the nation's leading securities firms, serving the investment and capital needs of individual, corporate and institutional clients. We are a member of all principal securities and commodities exchanges in the United States including the New York Stock Exchange ("NYSE"). Our parent company, UBS AG is a global, integrated investment services firm and one of the world's leading banks. We are registered to act as a broker-dealer, investment adviser, and futures commission merchant. Currently, our principal business, in terms of its revenues and personnel, is that of a broker-dealer in securities.

In general, we pay our Financial Advisors a percentage of clients' commissions and fees (called a payout or grid rate), less certain adjustments requested by our Financial Advisors, according to an established schedule based on the revenues the Financial Advisor generates with the clients he or she services. For transactions-based accounts—which hold products such as stocks, bonds, options and mutual funds—the payout rate ranges from 20% to 45% of the commissions or sales charges paid to the firm. Generally, for stock and option transactions, the payout is adjusted downward to account for a \$12 per transactions fee. For asset-based fee programs and financial planning fees, the payout ranges from 20% to 48% of the commissions or sales charges paid to the firm.

We may reduce or terminate the above payouts to Financial Advisors in connection with accounts they service that do not meet certain prescribed asset levels on a household basis.

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The percentage of firm revenues credited to Financial Advisors in asset-based programs is higher than the percentage of firm revenues credited on most other products and services, including the compensation they would receive if you paid separately for advice, brokerage and other services. The differences in compensation create an incentive for Financial Advisors to recommend products for which they receive higher compensation.

Under certain circumstances (e.g., acquisitions and recruitment), some Financial Advisors or producing Branch Office Managers may be compensated differently. Financial Advisors also receive certain revenue awards based on their production amount, business mix and net new assets. We reserve the right, at our discretion and without prior notice, to change the methods by which we compensate our Financial Advisors.

ITEM 6. PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT

Our advisory services do not impose performance fees. UBS Financial Services does not serve as investment manager to hedge funds private equity or similar types of investment vehicles. However, as a distributor of alternative investments, including hedge funds and fund of funds, UBS receives a portion of the performance fees charged by the investment adviser to those funds. Financial Advisors who sell those alternative investments, including those investments held in Advisory accounts receive a portion of those fees.

ITEM 7. TYPES OF CLIENTS

A. Type of Clients

We provide investment advisory services to individuals, banks, thrift institutions, mutual funds and other investment companies, pension and employee benefit plans, trusts, estates, charities, corporations and other business and government entities. Generally, the majority of our clients in the Advisory programs and those receiving financial planning services are individuals.

B. Requirements for Financial Planning Services

Clients are not required to maintain accounts at UBS to receive financial planning services. The financial planning services available may differ depending on the client's net worth and the complexity of their financial situation. We reserve the right, in our sole discretion, to change the net worth standards for each of the financial planning services we offer.

Financial Goal Analysis:

This goal-based analysis is generally intended for individuals who have a net worth in the range of \$250,000 - \$10,000,000.

Preferred Planning Services:

The service is generally intended for individuals who have a net worth in the range of \$2,000,000 - \$25,000,000.

Private Planning and Strategic Financial Review Services:

The Private Planning Service provides individuals with a customized "Private Plan" report. The service is intended for individuals with complex planning needs and a net worth in excess of \$25,000,000.

Financial Planning Services and Your Brokerage and other Advisory Agreements with UBS.

The financial planning services we provide are not account specific and do not alter or modify in any way the nature of your accounts, or your rights and our obligations relating to any UBS accounts or the UBS account agreements in effect when the financial planning service is provided to you. The terms and conditions of those account agreements, unless otherwise amended, continue to be in effect during and after the termination of the financial planning service.

When we charge a fee for financial planning services we will enter into a service agreement with you. The agreement will identify the service you selected, the fees charged, and our respective rights and obligations under the agreement. The agreement and the financial planning engagement terminate when we deliver the plan to you.

Profiling Questionnaires:

To receive a financial plan, your Financial Advisor will collect various information and documentation from you, including your responses to certain risk profiling questions, to determine your investment needs, objectives, risk tolerances and financial goals. These objectives, risk tolerance and goals form the basis of your selection of an investment strategy or asset allocations for your financial plan.

Our Financial Planning Advice:

Our financial planning services do not provide on-going financial planning advice. The financial planning advice provided as part of these services is contained in the financial planning report. Our financial planning services terminate when the financial planning report is delivered.

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Including Outside Assets in your Financial Plan:

When we develop a financial plan for you, you may choose to include assets held at other institutions in your Target Allocation. Because these assets are not held at UBS, we will not be able to verify or ensure the accuracy of information regarding these assets. UBS does not provide advice with respect to your assets at other firms, and we will not assume any liability for your activity at other firms.

No Specific Security Recommendations:

Our financial planning reports do not:

- make investment recommendations
- analyze particular securities
- provide on-going advice regarding specific securities or other investments, regardless of whether or not a fee is assessed; rather, a general asset allocation strategy based upon your stated risk tolerance, investment objectives, financial needs, age, current asset allocation and value of the assets is suggested in the financial planning report.

Implementing Your Financial Plan:

It is your responsibility to determine if, and how, the suggestions made in connection with the financial planning services should be implemented or otherwise followed. You should carefully consider all relevant factors in making these decisions, and we encourage you to:

- consult with your outside professional advisers
- consult with your legal counsel and/or accountant or tax professional

regarding the legal or tax implications of a particular recommendation, strategy or investment, including any estate planning strategies, before you invest or implement a particular strategy.

You should also understand that all investments involve risk, the amount of which will vary, and that your ability to implement any financial strategy may be affected by a number of factors including:

- market fluctuations
- the actual value of assets held at other financial institutions
- your ability to make the contributions required, and
- the impact of your other investment decisions.

You are not required to establish accounts, purchase products that we distribute or otherwise transact business with UBS Financial Services or any of our affiliates to implement any of the suggestions made in connection with the financial planning services we provide.

If you decide to implement any portion of your financial plan with UBS, at your request, your Financial Advisor can make specific investment recommendations and help you develop an investment strategy. The capacity in which we act when we are involved in implementing your investment strategy will depend on, and vary by, the nature of the accounts used (i.e., brokerage or advisory accounts).

Generally, we will implement securities transactions in our capacity as a broker-dealer, not as an investment advisor (unless you are participating in one of our investment advisory programs). You will be charged any applicable fees for effecting the transactions you choose to make, including commissions, a portion of which will be paid to your Financial Advisor.

The compensation we receive when a client buys and sells stocks, bonds, mutual funds, other securities or financial instruments or insurance products through or from us or our affiliates may include commissions, spreads, mark-ups and mark-downs and distribution or other fees. We will also benefit from the possession or use of free credit balances in the accounts the client maintains with us subject to the restrictions imposed by Rule 15c3-3 under the Securities Exchange Act of 1934.

We and our Financial Advisors receive compensation from the sponsor of securities, mutual funds and other investments in which you may invest. See "Participation or Interest in Client Transactions – Additional Compensation" for more information.

Electronic delivery of documents:

To the extent permissible by applicable law, we may, with your consent, deliver financial plans, Form ADV Disclosure brochures, and other documents and notices related to our services via electronic format.

Financial Planning Services Disclosure Brochure

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

OUR ASSET ALLOCATIONS

Our asset allocations are based upon on a proprietary methodology. In developing those allocations, UBS considers asset class risk and return results that are based on estimated forward-looking return and risk assumptions, as measured by standard deviation ("capital market assumptions"), which are based on UBS proprietary research. The development process includes a review of a variety of factors, including the return, risk, correlations and historical performance of various asset classes, inflation and risk premium. The process assumes a situation where the supply and demand for investments is in balance and in which expected returns of all asset classes are a reflection of their expected risk and correlations regardless of timeframe. These capital market assumptions do not assume any particular investment time horizon.

UBS periodically reviews the economic or market conditions or other general investment considerations that it believes may impact the capital market assumptions. The capital market assumptions may change from time to time at the discretion of UBS. UBS has changed its risk and return assumptions in the past and may do so in the future. Neither UBS nor your Financial Advisor is required to provide you with an updated proposal based upon changes to these or other underlying assumptions. Changes in the assumptions may affect your Target Allocation on the broad, subclass or style level. We may also add or remove asset classes, subclasses and styles from the allocation methodology at any time. Once we have delivered a financial plan to you, we are not required to provide you with an updated analysis based upon changes to these capital market assumptions or resulting changes to your Target Allocation. It is important to note that implementing changes to your Target Allocation may result in tax consequences to you. Please consult your tax advisor if this occurs.

UBS employs a variety of asset allocation models and tools. As a result, our modeling in programs outside of financial planning may vary depending upon the asset allocation model, amount invested and software program used for analysis.

Limitations on Statistical Analysis:

Historical statistical data, based on the performance of various market indices, may be provided in the financial planning reports to show relative historic risk and return information regarding the asset allocation strategies presented. In addition, forward looking analyses are presented based upon various risk and return assumptions developed by UBS Financial Services Inc. Forward looking analyses, including probabilistic modeling (which presents the likelihood that the client may be able to achieve certain goals) are hypothetical in nature, do not reflect actual investments results and are not a guarantee of future results. These analyses do not analyze specific securities. Rather, the asset allocation presented is analyzed. Actual market conditions may result in outcomes significantly different than those illustrated. With respect to probabilistic modeling, the results may vary over time and with each use if any of the underlying assumptions or profile data is adjusted. In addition, the analysis does not present the results that could occur from an extreme market event, either positive or negative, due to the low probability of such an occurrence.

Our Financial planning reports describe the basis, limitations and potential risks. Please review the reports carefully.

The financial planning reports are based on information that you provide. The accuracy of the analysis is dependent upon your providing accurate and complete data. Any changes to your personal situation or any of the data or assumptions that underlie the analysis could materially impact the results presented. The results presented in the reports are not guarantees of future results.

There is no guarantee that if you adopt your financial plan, you will meet all of your objectives. As actual investment returns, inflation, taxes, and other economic conditions will vary from the assumptions used in our reports, your actual results will vary from those presented and may impact your ability to reach your financial planning goals.

We obtain information from various sources, including:

- Financial publications
- Inspections of corporate activities
- Company press releases
- Research material prepared by our affiliates and third parties
- Rating or timing services
- Regulatory and self-regulatory reports
- Other public sources

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In addition, we receive a broad range of research and information about the following:

- The economy
- Industries
- Groups of securities and individual companies
- Statistical information
- Market data
- Accounting and tax law interpretations
- Political developments
- Pricing and appraisal services
- Credit analysis
- Risk measurement analysis
- Performance analysis
- Other information that may affect the economy or securities prices

Research can be received through various channels, including:

- Written reports
- Telephone contacts and personal meetings with research analysts
- Economists
- Government representatives
- Corporate and industry spokespersons

We may receive research, model portfolios and asset allocation services generated by UBS, UBS affiliates, third parties, by or through brokers or dealers or investment advisers, including research, model portfolios and asset allocation advice purchased through economic arrangements with such parties.

Our investment Advisory services generally rely on a variety of fundamental, technical, quantitative and statistical tools and valuation methodologies. As a result of these different methodologies employed, technical or quantitative research recommendations may differ from, or be inconsistent with, fundamental opinions for the same security. We may use computer technology to more readily display these factors and to create asset allocation recommendations. Personnel involved in providing investment Advisory services may have access to specialists or other information for all major industry groups.

Our Financial Advisors and clients have access to research from UBS Wealth Management Research Americas (WMR), which is part of UBS Wealth Management Americas. WMR is designed specifically for use by private clients and our Financial Advisors. As a result, subject to certain exceptions, we expect that product areas in UBS Financial Services Inc. will incorporate insights and economic perspectives of WMR, where appropriate, in their products and services.

Clients and Financial Advisors also have access to certain categories of UBS Investment Research (INV Research) that is issued by UBS Investment Bank. Because both sources of research reflect the different assumptions, views and analytical methods of the analysts who prepared them, there may be a difference of opinions between WMR and INV Research. Neither source is necessarily more reliable than the other. The various research content provided does not take into account the unique investment objectives, financial situation, or particular needs of any specific individual investor.

You should be aware that we or our affiliates (or employees thereof) may have conflicts of interest in connection with the research reports we publish.

UBS and its affiliates (or any of our employees) may happen to fall into any one of these categories, which could potentially create a conflict of interest:

- Holding long or short positions in a specific security being researched
- Deal as principal or agent in a specific security being researched
- May provide Advisory or other services to an issuer or their affiliate that is covered in research reports issued by WMR and/or INV Research

WMR and INV research analyst compensation is not based on investment banking revenues; however, their compensation may relate to the revenues or profitability of UBS business groups as a whole, which may include investment banking, sales and trading services.

Financial Advisors also have access to proprietary models covering equities, fixed income, mutual funds and municipal securities developed by our various business areas.

ITEM 9. DISCIPLINARY HISTORY

Below is a summary of the material legal and disciplinary events against UBS Financial Services Inc. during the last ten years. As of the date of this brochure, there are no reportable legal and disciplinary events for our senior management personnel or those individuals in senior management responsible for determining the general investment advice available to our clients.

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The disciplinary reporting requirements for broker-dealers and investment advisers differ in some ways, with FINRA requiring broker-dealers to report on matters (for example, pending complaints and arbitrations) which are not required to be reported by investment advisers. Since our firm operates as both broker-dealers and investment advisers we file the information as required by each entity. The information in this report is not the only resource you can consult. You can access additional information about our firm and our management personnel on the Security and Exchange Commission's website, located at www.adviserinfo.sec.gov, as well as the Financial Industry Regulatory Authority's website, www.finra.org/brokercheck.

Executive Officers and Board of Directors

Robert J. McCann

Robert J. McCann is Chief Executive Officer of UBS Wealth Management Americas, which comprises the registered broker-dealer, UBS Financial Services Inc., as well as the Private Banking operation.

Rosemary T. Berkery

Rosemary T. Berkery is Chairman of UBS Bank USA and Vice Chairman of UBS Wealth Management Americas, which comprises the registered broker-dealer, UBS Financial Services Inc., as well as the Private Banking operation.

John J. Brown

John J. Brown is a Group Managing Director for UBS Wealth Management Americas, which comprises the registered broker-dealer, UBS Financial Services Inc., as well as the Private Banking operation. He currently heads the Wealth Management Solutions business.

John Dalby

John Dalby is Chief Financial Officer and Chief Risk Officer of UBS Wealth Management Americas. He is a member of the Executive Committee of UBS Financial Services Inc.

William Frey

William Frey is a Managing Director and Chief Financial Officer of UBS Financial Services Inc. He is also the Head of Business Accounting and Controlling for UBS Wealth Management Americas, which principally comprises the registered broker-dealer, UBS Financial Services Inc., UBS Bank USA as well as the Private Banking operation.

Brian P. Hull

Brian P. Hull is a Group Managing Director and Head of Wealth Management Partnerships for UBS Financial Services Inc., which comprises three units: Strategic Client Relationships, Investment Services and Client Development.

Robert E. Mulholland

Robert E. Mulholland is a Group Managing Director and the Head of the Wealth Management Advisor Group for UBS Financial Services Inc.

Paula D. Polito

Paula D. Polito is a Group Managing Director and Chief Marketing Officer of UBS Wealth Management Americas, which comprises the registered broker-dealer, UBS Financial Services Inc., as well as the Private Banking operation.

Anita Sands

Anita Sands is a Group Managing Director and Chief Operating Officer of UBS Wealth Management Americas, which comprises the registered broker-dealer, UBS Financial Services Inc., as well as the Private Banking operation.

David J. Satler

David J. Satler is a Managing Director, member of the Executive Committee and the Head of Human Resources of UBS Financial Services Inc.

Wealth Management Research

Mike Ryan

Mike Ryan is a Managing Director, Chief Investment Strategist and Head of Wealth Management Research for UBS Wealth Management Americas, which comprises the registered broker-dealer, UBS Financial Services Inc., as well as the Private Banking operation.

Management for the Investment Advisory Products Covered in this Brochure

Michael A. Perry

Michael A. Perry is a Managing Director and the Head of Wealth Management Advice and Platforms.

Anthony Roth

Anthony Roth is a Managing Director and Head of Wealth Planning and Investment Strategies, which includes the Manager and Fund Due Diligence, Portfolio Advisory Group and Wealth Planning teams.

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General Counsel, Director of Compliance and Chief Compliance Officer

Jonathan Eisenberg

Jonathan Eisenberg is a Group Managing Director and General Counsel of UBS Wealth Management Americas, which comprises the registered broker-dealer, UBS Financial Services Inc., and the Private Banking Operation.

Douglas T. Siegel

Douglas T. Siegel is a Managing Director and Head of Compliance for UBS Wealth Management Americas, which includes UBS Financial Services Inc.

Lisa M. Francomano

Lisa M. Francomano is an Executive Director, Deputy Director of Compliance and Chief Compliance Officer for UBS Financial Services' advisory business.

Please note that in each of the instances described below, the firm entered into the various orders, consents and settlements without admitting or denying any of the allegations.

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	DATE OF ACTION	BROUGHT BY	ALLEGATION	DISPOSITION	MONETARY SANCTIONS
1	May 4, 2011	SEC, Internal Revenue Service (IRS), Dept. of Justice (DOJ), State Attorneys General of: AL, CA, CO, CT, DC, FL, ID, IL, KS, MD, MA, MI, MO, MT, NV, NJ, NY, NC, OH, OR, PA, SC, TN, TX, and WI	UBS AG and UBS Financial Services Inc. reached settlements with the SEC, the IRS, the DOJ and a group of State Attorneys General regarding investigations into the conduct of certain former employees in UBS Financial Services' former municipal reinvestment and derivatives group from 2001 to 2006. Allegations included violations of: Section 15(c)(1)(A) of the Securities Exchange Act of 1934, Section 1 of the Sherman Act, and IRS regulations in bidding practices and representations made involving the investment of proceeds of municipal securities transactions.	SEC: Waiver and Consent to Final Judgment enjoining UBS from violating Section 15(c) of the Act, disgorgement of profits, interest and civil penalty IRS: Closing Agreement DOJ: Non-prosecution Agreement	SEC: Disgorgement of \$9,606,543 plus interest of \$5,100,637 and civil penalty of \$32,500,000 IRS: penalty of \$18 million and restitution of 4.3 million States: \$70.8 million plus \$20 million credited from the SEC settlement
2	April 11, 2011	FINRA	Violations of NASD Rules 2110, 2010, 2210, 2211, 2310, 3010 and IM2310-2 with regard to Lehman Brothers Holdings Inc. 100% Principal Protection Notes ("Notes") by making statements and omitting certain facts that may have misled certain customers, failure to disseminate adequately to financial advisors certain market information relating to Lehman's financial condition, failure to maintain and establish adequate supervisory systems in connection with marketing and sale of the Notes, not adequately analyzing the suitability of sales to certain customers, and use of advertising and marketing materials and training and education materials that were not fair and balanced.	Letter of Acceptance Waiver & Consent. Censure, Fine, and Restitution to specific classes of customers.	Fine: \$2.5 million Restitution: \$8.5 Million
3	November 3, 2010	FINRA	Violation of NASD Rules 1021, 1031, 2110 and 3010, FINRA Rule 2010 by permitting 70 individuals to act as principals without registration, and inadequate supervisory procedures.	Letter of Acceptance, Waiver & Consent. Censure, Fine. Establish supervisory procedures.	Fine: \$200,000 Test of Supervisory procedures with written report within 120 days and certification of supervisory changes and written report within 90 days
4	September 29, 2010	FINRA	Violation of NASD Rules 2110, 3010(a) and 3010(b), FINRA Rule 2010 by lending customer securities to facilitate short selling without disclosing certain facts to customers and failing to adequately supervise.	Letter of Acceptance, Waiver & Consent, Censure, Fine, Establish supervisory procedures	Fine: \$175,000
5	June 26, 2009	FINRA	Inadequate systems/procedures, to detect patterns of unsuitable short-term trading of Closed-End Funds.	Letter of Acceptance, Waiver & Consent, Censure & Fine	Fine: \$100,000
6	February 2009	SEC and US Department of Justice	UBS entered into a Deferred Prosecution Agreement with the D.O.J. and a Consent Order with the SEC in connection with an investigation into the firms Cross-Border business. UBS AG agreed to disgorge profits and pay back taxes. UBS AG will terminate cross-border business serving private clients out on non SEC registered entities.	Disgorgement (\$200,000,000 is to the SEC) Back Taxes Payment	\$380,000,000 \$400,000,000

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	DATE OF ACTION	BROUGHT BY	ALLEGATION	DISPOSITION	MONETARY SANCTIONS																																																																											
7	February 26, 2009	FINRA	Violated NASD Rules 2110, 3010, 2320, 3110, 3360, 3370, 6130, 6955(A) by failing to find the best inter-dealer market, did not obtain a favorable price, did not mark short-sales as such, did not note delivery instructions. The supervisory procedures were not adequate to achieve compliance.	Letter of Acceptance, Waiver & Consent, Censure and Fine Restitution to customer and revision of firm procedures	Fine: \$110,000 Restitution: \$2,719.65																																																																											
8	January 9, 2009	CFTC	UBS FA violated Sections 6(c) and 6(d) of Commodities Exchange Act and did not file with the National Futures Association the commodity pools' annual reports in a timely manner or deliver to pool participants.	Cease & Desist from violating Regulation 4.7(b)(3)(i) and CFR 4.7(b)(3)(i)(2008) and pay a civil penalty	Civil Penalty: \$50,000																																																																											
9	December 2008	Swiss Federal Banking Commission	The cross-border business of UBS AG private clients was investigated and the firm was required to cease operating its non-W9 relationships, and to establish an adequate risk management and control system for this business.	Injunction	None																																																																											
10	December 22, 2008	US District Court, New York	Auction Rate Securities (ARS) UBS is permanently enjoined from violations of the broker/dealer fraud provisions:	Cease & Desist Injunction Civil Penalty	Civil Penalty TBD																																																																											
			<table><tr><th>Date</th><th>State</th><th>Penalty</th></tr><tr><td>6.26.08</td><td>Massachusetts</td><td>\$2,180,875 Education \$250,000</td></tr><tr><td>3.30.10</td><td>Texas</td><td>\$6,640,432</td></tr><tr><td>4.23.10</td><td>California</td><td>\$15,209,146</td></tr><tr><td>4.27.10</td><td>Kentucky</td><td>\$485,558</td></tr><tr><td>5.6.10</td><td>Louisiana</td><td>\$867,350</td></tr><tr><td></td><td>Idaho</td><td>\$389,031</td></tr><tr><td>5.17.10</td><td>Arizona</td><td>\$1,662,029</td></tr><tr><td>6.21.10</td><td>Alabama</td><td>\$328,180</td></tr><tr><td>July 2010</td><td>Indiana</td><td>\$705,000</td></tr><tr><td></td><td>No. Dakota</td><td>\$235,194</td></tr><tr><td></td><td>Vermont</td><td>\$243,263</td></tr><tr><td></td><td>So. Dakota</td><td>\$317,375</td></tr><tr><td></td><td>Montana</td><td>\$324,542</td></tr><tr><td></td><td>Michigan</td><td>\$2,227,163</td></tr><tr><td></td><td>Virginia</td><td>\$1,363,942</td></tr><tr><td></td><td>W. Virginia</td><td>\$155,754</td></tr><tr><td></td><td>Georgia</td><td>\$1,279,856</td></tr><tr><td></td><td>Connecticut</td><td>\$2,098,792</td></tr><tr><td></td><td>Mississippi</td><td>\$498,250</td></tr><tr><td></td><td>Washington</td><td>\$1,805,294</td></tr><tr><td></td><td>Wyoming</td><td>\$288,945</td></tr><tr><td></td><td>Rhode Island</td><td>\$247,677</td></tr><tr><td></td><td>Delaware</td><td>\$269,248</td></tr><tr><td></td><td>Maine</td><td>\$249,018</td></tr></table>	Date	State	Penalty	6.26.08	Massachusetts	\$2,180,875 Education \$250,000	3.30.10	Texas	\$6,640,432	4.23.10	California	\$15,209,146	4.27.10	Kentucky	\$485,558	5.6.10	Louisiana	\$867,350		Idaho	\$389,031	5.17.10	Arizona	\$1,662,029	6.21.10	Alabama	\$328,180	July 2010	Indiana	\$705,000		No. Dakota	\$235,194		Vermont	\$243,263		So. Dakota	\$317,375		Montana	\$324,542		Michigan	\$2,227,163		Virginia	\$1,363,942		W. Virginia	\$155,754		Georgia	\$1,279,856		Connecticut	\$2,098,792		Mississippi	\$498,250		Washington	\$1,805,294		Wyoming	\$288,945		Rhode Island	\$247,677		Delaware	\$269,248		Maine	\$249,018		
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	DATE OF ACTION	BROUGHT BY	ALLEGATION	DISPOSITION	MONETARY SANCTIONS
			Puerto Rico	\$207,429	
			Tennessee	\$1,046,609	
			Virgin Islands	\$258,154	
			Iowa	\$455,918	
			Nebraska	\$406,414	
			New Mexico	\$275,205	
		7.14.10	New Mexico	\$275,205	
		9.10.10	Nevada	\$1,099,850	
		9.20.10	So. Carolina	\$390,657	
		10.6.10	Oregon	\$1,175,492	
			Education	\$61,868	
		11.5.10	Florida	\$6,581,232	
		11.16.10	Arkansas	\$265,036	
		12.8.10	Oklahoma	\$274,539	
		12.8.10	Wisconsin	\$462,788	
		2.15.10	Pennsylvania	\$2,588,077	
		2.3.11	New Jersey	\$3,790,487	
11	October 31, 2008	SEC	Violations of '34 Act Section 15(c) regarding the marketing and sale of Auction Rate Securities.	Consent Judgment	Cease & Desist, and Fines in varying amounts currently being paid to all 50 states out of the \$75 million noted above in Dec 12, 2008 decision
12	February 28, 2008	FINRA	UBS effected transactions in Mutual Fund shares where other share classes were advantageous, or within the NAV transfer program, Failure to maintain supervisory procedures designed to identify NAV Programs.	Letter of Acceptance, Waiver & Consent, Censure and Fine. Firm to undertake initiative to provide remediation to certain customers who purchased Class B or C shares or who did not receive benefit of the NAV transfer program.	Fine: \$1,000,000
13	December 3, 2007	State of Missouri	Firm failed to supervise former FA's for public seminars and recommendations to customers re: mutual fund share sales.	Consent Order, Censure, Fine & Disgorgement	Civil: \$ 75,000 Investor Restitution: \$247,680 Disgorge: \$135,946 Investor Education: \$230,000 Cost to Investigate: \$8,584
14	October 24, 2007	FINRA	Firm did not file certain amendments to U-4's and U-5's during the period 1.1.02 to 12.31.04 and did not have adequate supervisory procedures re: late filings.	Letter of Acceptance Waiver & Consent & Fine	Fine: \$370,000

Financial Planning Services Disclosure Brochure

	DATE OF ACTION	BROUGHT BY	ALLEGATION	DISPOSITION	MONETARY SANCTIONS
15	October 2, 2007	FINRA	Violated NYSE Rule 401(a) and 342 by failing to deliver prospectuses and failing to maintain supervisory and control procedures.	Letter of Acceptance, Waiver & Consent, Censure & Fine Certification to NYSE re: policy & procedure revisions within 90 days.	Fine: \$500,000
16	July 16, 2007	Attorney General State of NY	Non-discretionary fee-based brokerage accounts were unsuitable for certain clients and fees/commissions were higher than non-fee based accounts	Remediation to Customers & Penalty to State of NY	Remediation: \$21,300,000 Penalty: \$2,000,000
17	April 16, 2007	State of Connecticut Department of Banking	Failure to keep certain books & records pertaining to sub-account transfers with insurance products & failure to supervise agents re: market timing.	Fine, Financial Literacy Initiatives, Education Initiatives	Fine: \$1,500,000 Public School Initiative: \$1,250,000 Public College Initiative: \$1,000,000 Dept of Social Service Initiative: \$1,500,000 CT Law Enforcement: \$250,000
18	May 26, 2006	NYSE	Sales Practice exams in 2003 and 2004 revealed overcharges and the Firm violated Section 17(a)(2) of the '33 Act, and Rule 10b-10 of the '34 Act.	Stipulation of Facts & Consent to Penalty	Fine: \$175,000
19	January 11, 2006	NYSE	Failure to supervise brokers who engaged in deceptive market timing of mutual funds and varied insurance products.	Fine, Consent Order, Censure, Civil Penalty	Fine: \$23,700,000 Fine State of NJ: \$24,700,000
20	March 7, 2005	State of Illinois	Failure to provide investors with accurate information re: callable CD's and failure to supervise.	Fine	Fine: \$95,000
21	June 28, 2004	NASD	Violation of MSRB Rules G-17 and G-30, unfair pricing of bond sales.	Censure & Fine	Fine: \$100,000
22	December 10, 2003	State of Missouri Secretary of State	Violation of Section 409.204(a)(2)(G) and (J) of the Missouri Securities Act re: research practices and conflicts of interest arising from those practices. Global Research Settlement Actions. 02.21.04 No. Carolina \$620,209 02.23.04 New Mexico \$250,000 02.20.04 New Hampshire \$250,000 12.29.03 West Virginia \$250,000 12.15.03 California \$2,609,851 12.17.03 Nebraska \$250,000 12.26.03 Ohio \$874,773 12.30.03 Pennsylvania \$946,269 11.21.03 Montana \$250,000	Cease & Desist, Fine, Penalty, Disgorgement, Investor Education	Fine: \$431,117 Penalty: \$25,000,000 Disgorgement: \$25,000,000 Procurement: \$25,000,000 Education: \$5,000,000

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DATE OF ACTION	BROUGHT BY	ALLEGATION	DISPOSITION	MONETARY SANCTIONS
11.21.03	Maryland	\$408,100		
11.19.03	Washington DC	\$250,000		
11.14.03	Virginia	\$545,408		
11.05.03	So. Dakota	\$250,000		
11.05.03	Nevada	\$250,000		
11.12.03	Utah	\$250,000		
11.09.03	Wisconsin	\$413,277		
10.10.03	North Dakota	\$250,000		
10.13.03	Minnesota	\$379,051		
10.09.03	Kansas	\$250,000		
10.08.03	Massachusetts	\$489,205		
10.08.03	Indiana	\$468,508		
09.29.03	Alaska	\$250,000		
09.29.03	Tennessee	\$438,366		
09.29.03	Puerto Rico	\$293,457		
09.25.03	Georgia	\$630,775		
09.22.03	Washington	\$454,149		
09.23.03	Vermont	\$250,000		
09.22.09	Rhode Island	\$250,000		
09.20.03	Oregon	\$263,622		
09.19.03	Florida	\$1,231,461		
09.18.03	Colorado	\$333,417		
09.18.03	Mississippi	\$250,000		
09.17.03	Texas	\$1,606,657		
09.11.03	Michigan	\$765,768		
09.11.03	Delaware	\$250,000		
09.10.03	Hawaii	\$250,000		
09.09.03	Wyoming	\$250,000		
09.08.03	New Jersey	\$648,335		
08.25.03	Maine	\$250,000		
08.22.03	Idaho	\$250,000		
08.21.03	Kentucky	\$311,423		
08.21.03	New York	\$1,462,158		
08.21.03	Alabama	\$342,654		
08.14.03	Arkansas	\$250,000		
04.28.03	Arizona	\$395,321		
04.28.03	Oklahoma	\$265,877		

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	DATE OF ACTION	BROUGHT BY	ALLEGATION	DISPOSITION	MONETARY SANCTIONS
			04.28.03 Illinois \$956,921		
			04.28.03 Connecticut \$262,402		
23	August 2003	SEC	Failure to supervise former RR who committed fraud and caused extensive client losses.	Consented to an Order Instituting Proceedings,	Civil: \$500,000
24	June 29, 2003	NYSE	Failure to provide investors with accurate information re: callable CD's and failure to supervise.	Censure & Fine	Fine: \$174,000
25	September 26, 2001	State of Florida	Excessive markups on treasury securities, jeopardizing their tax exempt status.	Civil Damages (UBS share)	\$765,000
26	April 6, 2000	SEC	Violations of Sections 17(A)(2) and 17(A)(3) of the Securities Act of '33 by "yield burning" which jeopardizes the tax exempt status of treasury securities.	Censure Cease & Desist Disgorgement	Disgorgement: \$26,200,000

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ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

UBS Financial Services Inc. is a member of all principal securities and commodities exchanges in the United States including the New York Stock Exchange ("NYSE"). Our parent company, UBS AG ("UBS"), is a global, integrated investment services firm and one of the world's leading banks. We are registered to act as a broker-dealer, investment adviser and a futures commission merchant. Please note that registration as an investment adviser does not imply a certain level of skill or training.

As a full service broker-dealer and investment adviser, we offer our customers and investment Advisory clients a broad range of financial services and products, and we are engaged in various aspects of the securities and investment business. Our financial services include:

- Underwriting securities offerings
- Acting as a market maker in securities
- Trading for our own account
- Acting as a clearing firm for other broker-dealers
- Buying or selling securities, commodity futures contracts and other financial instruments for customers as their broker or buying them from or selling them to clients, acting as principal for our own account
- Providing investment advice and managing investment accounts or portfolios
- Acting as a commodity pool operator, futures commission merchant or commodity trading advisor and providing custodial services
- Through our affiliates, we provide clients with trust and custodial services
- We manage, sponsor and distribute registered investment companies and other public and private pooled investment vehicles, including hedge funds, whose shares or other interests are sold to clients

Currently, our principal business, in terms of its revenues and personnel, is that of a broker-dealer in securities.

UBS Financial Services Inc. Subsidiaries & Other Affiliates

There are a number of related persons that provide investment management and other financial services and products to our investment advisory clients, which may be material to our advisory business.

UBS, our subsidiaries or affiliates act in one or more capacities, including investment adviser, sub-adviser, consultant, administrator and principal underwriter (as applicable) to a number of open-end and closed-end investment companies with varying investment objectives. As a futures commission merchant, and through affiliates registered as commodity pool operators and commodity trading advisors, we or an affiliate also provide advice on commodities and commodity-related products. Certain of our subsidiaries, affiliates and related entities include the following:

- PaineWebber Properties Inc. creates, markets, distributes or acts as general partner for a number of limited partnerships that invest in commercial and residential properties, oil and gas interests, and research and development activities.
- UBS Financial Services Insurance Agency Inc.
- UBS Financial Services Inc. of Puerto Rico, a separately registered broker-dealer
- UBS Insurance Agency of Puerto Rico Inc.
- UBS International Hong Kong Limited
- Trust-related services are available through the UBS Trust Company N.A. and the UBS Trust Company of Puerto Rico.
- UBS Credit Corp. provides loans to clients that are either unsecured or secured by securities or other financial instruments. These loans may be used to buy securities or for other purposes. These loans are not subject to the maintenance requirements and potential capital charges that are imposed on broker-dealers.
- UBS Bank USA is an FDIC-insured Utah industrial bank. UBS Bank USA provides deposit services and loans to clients that are secured by securities or real estate. These loans may be used for purposes other than buying, trading or carrying securities. These loans are not subject to the maintenance requirements and potential capital charges that are imposed on broker-dealers.

UBS AG (UBS Financial Services Inc.'s ultimate parent) offers investment advisory services through a variety of direct and indirect subsidiaries. These entities are separately registered investment advisors and, in some cases, registered broker-dealers and commodity-trading advisors. Their principal lines of business range from developing and distributing investment products including wrap fee products, mutual funds, closed-end funds, privately placed funds and other pooled investment products, providing investment advice to individuals, pension and other employee benefit plans, other tax-exempt organizations, insurance companies, investment companies, commingled trust funds, corporations, and other institutional investors, and serving as investment managers, administrators, distributors and/or placement agents for a number of funds, including (in the case of UBS Global Asset Management (US) Inc., the PACE Select Advisors Trust and a number of UBS and UBS Global Asset Management-advised mutual funds. Certain of the investment advisers listed below may serve as investment manager for clients participating in our MAC, ACCESS program or SWP programs.

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The UBS AG subsidiaries registered as investment advisers in the United States include the entities below. These companies manage the assets of, or serve as general partners or managers of registered investment companies and private investment funds that may be offered and sold to our advisory clients. Information on those investment vehicles can be found on the respective Form ADV of each affiliated advisor.

- Alternative Investment Solutions
- UBS Agrivest LLC
- UBS Global Asset Management (Americas) Inc.
- UBS Global Asset Management (US) Inc.
- UBS O'Connor LLC
- UBS Realty Investors LLC
- UBS Securities LLC
- UBS Swiss Financial Advisers
- UBS Fund Advisor, LLC
- UBS Juniper Management LLC
- UBS Tamarack Management LLC
- UBS Eucalyptus Management LLC, and
- UBS Willow-Management LLC.

We do not recommend any specific products or services as part the financial plans we provide. If you select us to assist you in implementing any aspects of your financial plan, or if you receive other products and services from us, we may recommend products that include the use of affiliated and unaffiliated investment advisers. See "Our Advisory Services" for other advisory programs and services. The details of these programs including the features, fees, and conflicts of interest are detailed in our Wrap Fee Disclosure Brochure which is available from your Financial Advisor.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

The Firm maintains and enforces a written code of ethics in accordance with Rule 204A-1 under the Investment Advisers Act of 1940. The code and any subsequent amendments, is provided to all employees of the Firm and each employee is responsible for acknowledging receipt.

The code, which supplements the Firm's code of conduct, has a dual purpose:

- To set forth standards of conduct that apply to all employees of the firm, including the firm's fiduciary obligation to its clients
- To address conflicts of interest associated with the personal trading activities of a subset of employees defined as "access persons."³

Employees are required to promptly report any suspected violation of the code. Violations of the code may result in discipline, up to and including termination. Clients or prospective clients may obtain a copy of the Investment Adviser Code of Ethics upon request.

B. Participation or Interest in Client Transactions

1. Additional Sources of Compensation

You are not required to have accounts at UBS or implement your financial plan at our Firm in order to receive our financial planning services.

This section describes the compensation we receive when you execute transactions with us and conflicts of interest raised by revenues we receive from third parties. You should consider these factors carefully before you decide to implement your financial plan through our firm.

Most of our Financial Advisors are licensed as investment adviser representatives and broker-dealer representatives and may suggest or recommend that advisory and brokerage clients use the Firm's securities accounts, execution, banking and custody services, or those of an affiliate.

In general, our Financial Advisors receive revenue in the following ways:

- A portion of fees collected by the firm for financial planning services
- Commissions charged to clients in connection with the purchase, or sale, of equities, fixed income products and other investments such as structured products
- Markups (i.e., an increase) and markdowns (i.e., a reduction) on the price of purchases and sales of equities and fixed-income products, where the firm acts as principal, i.e. purchases for or sales of securities from UBS's inventory
- Underwriting concessions in connection with products sold in initial offerings

³ Access Person: all branch office employees, regardless of their job function, and any other Firm employee who works from a branch location or home office employees who place trades on behalf of money managers who participate in the Firm's advisory programs and home office employees that develop, manage or place trades for the UBS Managed Portfolio Program.

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- Asset-based fees charged in connection with our investment advisory programs
- Interest on margin and loan accounts
- Sales loads, commissions and 12b-1 fees for various financial products, such as mutual funds, offshore funds, alternative investment funds, unit investment trusts, insurance and annuities.
- Referral fees for referrals to affiliates and third parties.
- A portion of the management and performance fees the Firm receives in connection with the distribution of alternative investments.

2. Sources of Compensation from Third Parties

UBS, our Financial Advisors and affiliates receive additional compensation in connection with certain types of assets in which accounts at UBS may be invested. This compensation is in addition to any program fee you pay us for our investment advisory services or commissions you pay in brokerage accounts. Instead, this compensation is a result of distribution, shareholder servicing, administration, marketing, investment management, revenue sharing or referral agreements we and/or our affiliates have with vendors or sponsors of those securities and other services. We also receive additional compensation as a result of inter-company profit sharing and servicing agreements. For certain alternative investments, the compensation may also include performance fees. The nature of the services provided by, and the compensation paid to, us and our affiliates are described in the offering documents for the respective products, which are available for no charge through your Financial Advisor. Certain securities, for example, mutual funds are sold by prospectus only. Please read the prospectus carefully before investing.

The amount of fees paid to us, and therefore your Financial Advisors, may vary depending on the arrangement between us and the vendors/sponsors and, if applicable for mutual funds, and the terms and conditions of the relevant fund's 12b-1 or trail plan. If you hold these assets in an advisory account, we receive these payments for the duration of your advisory account. In some circumstances, our receipt of such compensation may extend beyond your participation in our advisory programs if you continue to hold those assets at our firm.

For UBS proprietary products, our affiliates receive fees for providing investment management and other services ancillary to the execution of purchases of shares in affiliated funds, including, administration and shareholder services to the affiliated funds in the Programs. As a result of the various payments to us or our affiliated companies, the amount of compensation that UBS entities receive with respect to the sale of affiliated or proprietary mutual funds, including the money market funds used as sweep vehicles in advisory accounts, is greater than the amount payable to the organization as a whole from the sale of unaffiliated mutual funds.

Some of the payments described below are included in the fees you pay the fund sponsor or investment adviser. They then pay a portion of those fees to us as follows:

- Domestic Mutual Funds: Trailers and 12b-1 fees usually at the rate of 0.25% of the fund's assets per year.
- Offshore Funds: Trailers for equity offshore funds range from 50 to 90 basis points, and for fixed income offshore funds, 25 to 60 basis points.
- Affiliated Alternative Investments: We receive referral fees, distribution, management, administrative and performance incentive fees. Management/administrative fees paid to our affiliate range between 1.25 and 1.75 bps. Our affiliate pays us approximately 90 bps for distribution of these funds. These payments are shared with your Financial Advisor.
 - o The management/administration fee paid to our affiliate may be waived in their entirety for certain classes of investors (for example, ERISA plans investing through an advisory program).
 - o Master/Feeder funds: UBSFS may receive a one-time service fee of 50 bps from the sponsor of a fund into which a proprietary feeder fund invests.
 - o Placement Fees: of up to 2% from its clients.
- Non-Proprietary Alternative Investments Funds: We receive a trail or service fee ranging between 15 to 125 bps of the assets of UBS investors in the non-proprietary funds. Financial advisors receive compensation of up to 90 bps.
 - o Incentive Fees: We may receive a portion of the incentive allocation of up to 2.5%.
 - o Placement Fees: We receive a fee of up to 2% from our clients.
- Referrals: We may refer a client to a third party manager for investment into one of the manager's funds for a negotiable referral fee.

Sweep Vehicles for Cash in Advisory and Brokerage Accounts:

We, our affiliates, and our Financial Advisors receive compensation in connection with the money market funds used as sweep vehicles in advisory accounts, and the UBS Bank USA sweep used in brokerage accounts. The type and levels of compensation for advisory accounts are described in our Wrap Fee Program Disclosure Brochure. Details regarding the sweep options available in brokerage accounts are described in the UBS Financial Services Inc. Deposit Account Sweep Program Disclosure Statement which is available from your Financial Advisor.

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Compensation Paid to the Firm

In addition to sales loads, 12b-1 fees and processing fees, UBS receives other compensation from certain distributors or advisors of mutual funds, offshore funds and unit investment trusts that we sell. These fees are paid in consideration for services provided by us ancillary to effecting transactions. Financial Advisors do not receive a portion of these fees.

- **Mutual Fund Networking Fees:** Typically \$12-\$15 for each mutual fund position that is held at UBS. Some fund companies may choose to calculate this rate expressed in basis points on assets. Exclusions may apply to positions below \$500. These fees are paid by mutual fund sponsors from investor assets, but in some cases may be subsidized, in part, by affiliates of the mutual fund.
- **Mutual Fund Omnibus Processing Fees:** These payments, which usually range from \$16 to \$22 per position are assessed per client and can vary by share class. A portion of the payments we receive for omnibus processing is paid to the sub-account transfer agent. These fees are paid by mutual fund sponsors from investor assets.
- **Account Services Fees For Affiliated Funds:** The amount of these fees may vary depending on the fund, but generally average \$12 per account per year, billed quarterly. Fees are paid by the fund sponsor out of investor assets.

Revenue-sharing payments may present a conflict between our interests and those 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. Certain "no load" and "institutional" mutual fund shares may be purchased by our customers at a charge of \$75 per transaction, plus other customary sales charges. Revenue-sharing compensation is made directly from the distributor or advisor, and not from the funds or indirectly through fund portfolio trading commissions.

- **Mutual Fund Revenue Sharing:** Fees are paid by the fund sponsor or investment adviser out of their legitimate profits and resources. These payments are based on two components: (1) the amount of sales by UBS of a particular mutual fund family to our clients (excluding sales through wrap-fee programs), and (2) the asset value of a particular
 - o 0.08% per year (paid quarterly) on all sales of mutual fund shares (excluding sales through wrap-fee programs)
 - o Up to 0.15% per year (paid quarterly) of the asset value of all equity mutual fund shares held at UBS
 - o Up to 0.10% per year (paid quarterly) of the asset value of all fixed-income mutual fund shares held at UBS (other than money market, institutional or offshore funds)

The revenue-sharing information is current as of the date of this brochure and is subject to change in our discretion. Updated and current information on these arrangements is available at our website, www.ubs.com/mutualfundrevenuesharing.

- **Offshore Funds Revenue Sharing:** We do not receive revenue sharing compensation for affiliated offshore funds.
 - o **For Unaffiliated Offshore Funds:** Where revenue-sharing compensation is paid, we receive an amount that ranges from 0.10% to 0.50% per annum of the average daily net asset value of the fund attributable to the shares owned by our clients, during each month. Alternately, this could be paid as a percentage of the fund's stated management fees and could be up to 65% of these fees.
- **Unit Investment Trusts.** Most UIT sponsors make additional payments to the firms that sell their UITs, including UBS. These payments are typically calculated as a percentage of the total volume of sales of the sponsor's UITs made by the firm during the UIT's initial offering period. That percentage typically increases as higher sales volume levels are achieved. Detailed descriptions of the terms of these additional payment programs are provided in a UIT's prospectus. UIT sponsors may also pay UBS fixed amounts for marketing, promotional or related expenses intended to result in additional sales of a sponsor's products, or to defray a portion of the costs incurred to facilitate UIT sales, such as the costs of developing or purchasing UIT trading systems. Payment rates and total payment amounts vary from sponsor to sponsor.

For "private label UITs" (UITs only offered to UBS clients), the sponsor may pay UBS an additional concession within a reasonable time following the initial offering period. This additional payment generally ranges from to 0.10% to 0.40% of the public offering price per unit sold by UBS during the initial offering period, excluding units sold to Fee Accounts subject to a Wrap Fee.

Contributions to Training and Education Expenses

Investment managers, mutual fund vendors, unit investment trust sponsors, annuity, life insurance companies or their affiliates and sponsors of ETFs whose products are available on our platform may contribute funds to support our Financial Advisor education programs.

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The contributions are used to subsidize the cost of training seminars we offer to Financial Advisors through specialized firm-wide programs and regional training forums. These seminars are designed to provide training and education to Financial Advisors, Branch Office Managers, Field Leadership, and other personnel who regularly solicit clients to participate in the various types of businesses listed above. These contributions also subsidize a portion of the costs incurred to support the Financial Advisor training, Financial Advisor and Client education, and product marketing efforts conducted regionally and nationally by product specialists employed by UBS.

Not all vendors contribute to our education efforts. Neither contribution towards these training and educational expenses, nor lack thereof, is considered as a factor in analyzing or determining whether a vendor should be included or should remain in our programs or our platform. Contributions can vary by vendor and event. Some vendors may decide to contribute at levels different than those we request. Additional contributions may be made by certain vendors in connection with specialized events or training forums.

Your Financial Advisor does not receive a portion of these payments.

Non-Cash Compensation

In addition to the revenue-sharing payments described above, we and our Financial Advisors, may, from time to time, receive non-cash compensation from mutual fund companies, investment managers, insurance vendors, and sponsors of products that we distribute. This compensation may include the following:

- Occasional gifts
- Occasional meals, tickets or other entertainment
- Sponsorship support of training events for our employees
- 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.

UBS or our affiliates may engage in a variety of transactions with (or provide other services to) the investment managers, mutual funds, their affiliates or service providers with which you are doing business. We may, in turn, receive compensation from these entities. Those transactions and services that we provide may include:

- Executing transactions in securities or other instruments
- Broker-dealer services for our own account
- Research services

- Consulting services
- Performance evaluation services
- Investment banking services
- Banking or insurance services

3. Other Interests in Client Transactions

Margin Loans and Credit Lines:

You may choose to engage in leverage strategies involving the assets in your eligible non-retirement, non-custodial accounts. You must meet certain eligibility requirements and complete loan documentation prior to using margin or applying for a UBS Credit Line Loan. Specifically, you will be required to execute a separate margin agreement with us or loan documents with UBS Bank USA.

When you trade on margin or obtain a credit line, either we or our affiliate will act as your creditor. As a creditor we will charge interest on the loans we extend to you and can take certain actions in the case you default. Failure to promptly meet a request for additional collateral or repayment or other circumstances (e.g., a rapidly declining market) could cause us, in the case of margin loans, or our affiliate, in the case of credit lines, and in our discretion, to liquidate or instruct us to liquidate some or all of the collateral account or accounts to meet the margin loan or credit line requirements. Depending on market circumstances, the prices obtained for the securities may be less than favorable. Any required liquidations may interrupt your long-term investment strategies and may result in adverse tax consequences. UBS and our affiliates do not provide legal or tax advice. You should consult your legal and tax advisors regarding the legal and tax implications of margin borrowing and using securities as collateral for a loan.

Margin is not recommended or permitted in certain advisory programs.

There are substantial risks associated with the use of borrowed funds for investment purpose and securities as collateral for a loan. For further information, please see the UBS Financial Services Inc. Loan Disclosure Statement, which is available from your Financial Advisor.

Principal Transactions and Agency Cross Trades

If we act as your broker, we and/or our affiliates may execute transactions on your behalf as your agent or as principal for our own account on the other side of the transaction from you. Similarly, we or our affiliates may, in transactions involving clients' securities, act as agent while also representing another client on the other side of the transaction. We may also have a position in, or enter purchase or sale orders for, securities recommended to clients in the normal course of its business as a broker-dealer. We and/or our affiliates may profit from such positions or transactions in securities.

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In certain advisory programs, we may enter into principal transactions for some investment advisory clients after making appropriate disclosure and obtaining client consent when necessary. In accordance with the provisions of Section 11(a) of the Securities Exchange Act of 1934, we may execute transactions on the floors of national or regional securities exchanges for managed client accounts where appropriate. Additionally, if appropriate client consent is obtained and required disclosure is made, agency cross transactions may be effected for customer accounts to the extent permitted by law. Agency cross transactions are transactions in which we or our affiliates act as broker for the party or parties on both sides of the transactions. In these circumstances, we will receive compensation from parties on both sides of these transactions (the amount of which may vary) and, consequently, we will have a potentially conflicting division of loyalties and responsibilities. Client consent to "agency cross" transactions may be revoked at any time by written notice to us.

Advice/Services to Other Clients and Activities in our Proprietary Accounts

We and our affiliates provide investment banking, research, brokerage, investment advisory and other services for different types of clients. In providing those services, we and our affiliates may:

- give advice to, or take actions for, those clients or for our or our affiliates own accounts that differs from advice given to, or the timing and nature of actions taken for you.
- buy and sell securities for our own or other accounts,
- act as a market maker or an underwriter for securities recommended, purchased or sold.

UBS and our affiliates occasionally may not be free to divulge or act upon certain information in their possession on behalf of investment advisory or other clients. We are not obligated to execute any transaction for your account that we believe to be improper under applicable law or rules or contrary to our own policies. In particular, you should note that some of our programs may recommend asset allocations or analyze markets and the economy in a different way than would be recommended by some of our research, trading or other departments.

We have adopted policies and procedures that limit transactions for our proprietary accounts and the accounts of our employees. These policies and procedures are designed to prevent, among other things, improper or abusive conduct when there may be a potential conflict with the interests of a client.

Trading Activity

The vast majority of our exchange-listed securities and over-the-counter (OTC) orders are executed through our affiliate, UBS Securities LLC—which executes orders as either principal or as agent, depending on the circumstances and type of program involved and receives compensation for those services.

ITEM 12. BROKERAGE PRACTICES

Our financial planning services do not include the review or recommendation of broker-dealers for client transactions.

ITEM 13. REVIEW OF ACCOUNTS

The level of review of a financial plan depends on the particular planning service selected. The reviews are described below. It is important to note that the advice provided as part of these services is contained in the financial planning report that is prepared for a client. When a financial plan is delivered to the client, the financial planning service terminates. Our financial planning services do not include ongoing advice or reporting.

Financial Goal Analysis:

Branch Office Managers or their delegates are responsible for the supervision and review of Financial Goal Analysis reports generated by the Financial Advisors in accordance with firm's FGA Supervisory Guidelines. The current procedures require managers to review a certain percentage of the plans prepared for clients on a monthly basis. The guidelines provide steps for the managers to follow to review the content of the plans and document any variations from the standards. The FGA report consists of various sections pre-determined by the financial advisor and the client. Each section includes static text that cannot be changed or modified by the individual users.

In addition, when a fee is charged for an FGA, the Financial Planning Group reviews the completed table of contents for the plan to confirm that appropriate plan sections or modules are included, or that any exclusions are documented or explained.

Preferred Plans:

In order to use this service, Financial Advisors must have certain education or training experience and must be approved by the Preferred Planning Group. Except for certain pre-approved Financial Advisors, preferred plan reports are reviewed and approved by the Preferred Planning Group or a Wealth Management Consultant prior to delivery to clients. Financial Advisors with a certain amount of experience using Preferred Planning are not required to submit their plans to the Preferred Planning Group for review. However, the Preferred Planning Group will review a sample of those plans on a periodic (generally, monthly) basis, which may result in further reviews or a requirement to update or correct a plan for a client.

Private Plans:

Private Plans are complex and customized reports generated only by members of the Private Planning Group. All private plans are subject to peer review by another member of the Private Planning Group prior to delivery to a client.

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ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

- Arrangements with Affiliates: We have referral agreements with our affiliates that outline:
 - o how we refer clients to them
 - o how they refer clients to us
 - o how we act as solicitor for their advisory services and/or wrap fee programs
 - o how we refer clients to them for services other than advisory services.
- o In certain cases, the advisory and consulting services available in our Programs may be provided by Financial Advisors registered with companies affiliated with us through a solicitation agreement with us or we may serve as a clearing broker for those affiliated entities.

Under those agreements, we share fees with, or receive fees from, our affiliates for the referral or solicitation of clients or for services provided to clients. These payments may vary, depending on the type of agreement, product or the nature and extent of the services provided, and may continue as long as the client account is maintained with UBS or our affiliate or for an agreed upon period. Arrangements may also be based on a percentage of revenue received.

- Third Party Arrangements: We also have a referral program that allows UBS to enter into solicitation arrangements with third parties that we compensate for referring or soliciting clients to participate in our Advisory or trust services programs. Solicitors receive a portion of the advisory fees we receive.
 - o We also have solicitation arrangements under which either we and/or our Financial Advisor may receive compensation for referring clients to a third party who will provide investment advisory or other services to the client. The compensation we receive is usually a portion of the advisory fee the third party receives from its clients. In certain circumstances we may also receive commission revenue for transactions those third parties execute through our firm.

It is our practice to disclose to the client being referred the terms of the arrangement, including the maximum compensation payable to us and/or our Financial Advisors or a third party, as the case may be.

We and our affiliates also have arrangements with some third party investment managers under which we and/or certain of our Financial Advisors provide research (within the meaning of Section 28(e) of the Securities Exchange Act of 1934), and in return, the investment manager places brokerage transactions with us for execution, subject to best execution practices and requirements. The research services provided generally may be in the form of written reports or telephone contacts or personal meetings with security analysts, economists, or meetings hosted by our Financial Advisors with corporate or industry spokespersons. UBS or our Financial Advisors also may recommend or refer clients to third-party investment managers that place brokerage transactions with us. The differences in the form or amount of compensation paid to us by different investment managers for client referrals or research products create a conflict between our interests and the interests of the clients referred because of the incentive to make referrals to those investment managers that offer us greater compensation than others.

Referral arrangements for financing business

We have certain agreements whereby we refer our customers to certain lenders, on a non-exclusive basis, for specific financing opportunities not available at UBS or its affiliates. These lenders may be able to assist clients in securing financing for specialized borrowing needs. It is our practice to disclose to the client being referred the roles of UBS and the lender in connection with such referral and that we receive a referral fee from the lender. Upon the successful completion of a transaction, the lender will pay us a referral fee, which will vary depending upon the lender and/or the amount of the financing. A portion of the fee we receive is paid to the Financial Advisor.

ITEM 15. CUSTODY

UBS Financial Services Inc. is a qualified custodian and has custody of client funds and securities.

Generally, except for financial planning, for our advisory programs, we require you to custody your account assets with UBS. However, we may, on an exception basis, accept certain accounts whose assets are custodied with other financial institutions who meet the definition of a qualified custodian. Those accounts are referred to as delivery versus payment ("DVP") accounts.

If you choose to proceed on this basis, you do so against our recommendation and with the understanding that you will be incurring additional costs in excess of any program fees (for example, custody costs), you will not receive a performance review from us, and billing for any of your accounts, including the accurate processing of rebates if applicable, is the responsibility of your custodian.

Financial Planning Services Disclosure Brochure

If you do not custody your advisory account assets with us, you agree to use only a qualified custodian that is a bank, a U.S. registered broker-dealer, a futures commission merchant or a foreign financial institution. This custodian must meet the definition of a "qualified custodian" that is established in Rule 206(4)-3(c)(3) under the Investment Advisers Act of 1940.

We will send you periodic account statements reflecting the transactions in your account. We urge you to compare those statements with the ones you receive from your custodian.

ITEM 16. INVESTMENT DISCRETION

Our financial planning services do not involve the delegation or exercise of discretion on our part over your assets. We offer discretionary portfolio management services which are described in a separate brochure. Please contact your Financial Advisor with questions.

ITEM 17. VOTING CLIENT SECURITIES

Our Financial Planning Services do not include proxy voting services.

ITEM 18. FINANCIAL INFORMATION

UBS Financial Services, Inc. is a qualified custodian (as defined in SEC Rule 206(4)-2). As a result, we have not included the balance sheet required under the "Financial Information" of this Form ADV.

- As of the date of this Brochure, there is no financial condition that is reasonably likely to impair our ability to meet our contractual commitment to our clients.
- Our Firm has not been the subject of a bankruptcy petition at any time during the last ten years.

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