BROKERED CERTIFICATE OF DEPOSIT FACT SHEET

The information contained in this Fact Sheet may not be modified by any oral representation made prior or subsequent to the purchase of your Certificate of Deposit.

Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”) is making available to its customers certificates of deposit (“CDs”) of various U.S. depository institutions (each, an “Issuer”). Each CD is a deposit obligation of an Issuer domiciled in the United States or one of its territories, the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the “FDIC”) within the limits described below.

Your CDs are insured by the FDIC, an independent agency of the United States Government, for up to $250,000 (including principal and accrued interest) for all deposits held in the same insurable capacity at any one Issuer (e.g., individual, joint, IRA accounts, etc.). For purposes of the $250,000 federal deposit insurance limit, you must aggregate all deposits that you maintain with the Issuer in the same insurable capacity, including deposits you hold directly with an Issuer and deposits you hold through Merrill and other intermediaries.

The extent of, and limitations on, federal deposit insurance are discussed below in the section headed “Deposit Insurance.”

Each CD constitutes a direct obligation of the Issuer and is not, either directly or indirectly, an obligation of Merrill. CDs of Issuers affiliated with Merrill, including, but not limited to, Bank of America, National Association (the “Affiliated Banks”), are obligations of the Affiliated Banks only and are not obligations of, Merrill, Bank of America Corporation or any other affiliated company. Merrill does not guarantee in any way or provide any assurances about the financial condition of any Issuer or the accuracy of any financial information provided by the Issuer.

Affiliated Banks that are Issuers of CDs may participate in the Merrill Bank Deposit Program, which automatically deposits, or “sweeps,” excess cash in your Merrill account into deposit accounts at the Affiliated Banks. Your deposits at an Affiliated Bank through the Bank Deposit Program will be aggregated with CDs issued by the Affiliated Bank for purposes of FDIC insurance. CDs issued by Affiliated Banks may not be eligible for purchase in Merrill fiduciary accounts, including Investment Advisory Accounts (as defined herein).

CDs may be purchased both upon issuance (the “primary market”) and in any secondary market that Merrill may maintain or facilitate. You can obtain from Merrill the names of Issuers that have CDs available for purchase and, if your CD is purchased in the primary market, the date on which your CD will be established with the Issuer (the “Settlement Date”).

The Issuer may use proceeds from the sale of CDs for any purpose permitted by law and its charter, including making loans to eligible borrowers and investing in permissible financial products. Merrill or one of affiliates may from time to time act as a broker or dealer in the sale of permissible financial products to the Issuer.

CALLABLE CDs

IF THE CD YOU PURCHASE IS SUBJECT TO REDEMPTION ON A SPECIFIED DATE OR DATES AT THE SOLE DISCRETION OF THE ISSUER (A “CALLABLE CD”), YOU SHOULD BE PREPARED TO HOLD IT FOR A SHORTER PERIOD THAN TO THE SCHEDULED MATURITY DATE. IF THE CD IS CALLED, YOU WILL BE PAID ALL PRINCIPAL AND INTEREST ACCRUED UP TO, BUT NOT INCLUDING, THE CALL DATE. A CALLABLE CD IS SUBJECT TO REINVESTMENT RISK. THE DATES ON WHICH THE CD MAY BE CALLED WILL BE SPECIFIED IN THE TRADE CONFIRMATION YOU WILL RECEIVE FROM MERRILL LYNCH.

IF YOU ARE PURCHASING A CALLABLE CD, PLEASE REVIEW CAREFULLY THE SECTIONS HEADED “TERMS OF CDS—CALLABLE CDs”, “IMPORTANT INVESTMENT CONSIDERATIONS—CALLABLE CDs” AND “SECONDARY MARKET—CALLABLE CDs.”
Terms of CDs

You can obtain from Merrill information about the maturities, rates of interest and interest payment terms currently available for CDs. CDs are available with varying terms, interest rates and maturities. The key terms of the CD are described in the trade confirmation. The CDs that you are eligible to purchase may vary depending on whether you are purchasing through an account enrolled in Merrill’s investment advisory program ("Investment Advisory Account") or a Merrill account that is not enrolled in Merrill investment advisory program ("Brokerage Account"). This Fact Sheet sets forth certain of the investment considerations relating to the purchase of a CD. See "Important Investment Considerations."

Types of CDs. Both interest-bearing CDs and zero-coupon CDs may be available through Merrill. Interest-bearing CDs of any one Issuer are generally made available in minimum denominations and increments of $1,000, up to $250,000 in the aggregate for each insurable capacity. Interest-bearing CDs are generally offered in a wide range of maturities and bear interest at a fixed rate, at a floating rate that resets at specified intervals by reference to a specific interest rate measure ("floating rates"), at a combination of fixed and a floating rates ("fixed-to-floating rates"), or at a rate that increases on pre-determined dates ("step-up rates"). The trade confirmation will contain certain key features of the CDs you purchase. Zero-coupon CDs of an Issuer do not bear interest ("zero-coupon CDs"), but rather are issued at a substantial discount from the face or par amount of the CD (the "principal amount" of the CD). The principal amount of CDs is paid at maturity. Interest (where applicable) and principal payments on CDs are automatically credited to your Merrill account.

Interest on CDs. Unless otherwise specified in the trade confirmation sent to you when you purchase a CD, interest earned on fixed rate interest-bearing CDs will be paid monthly, quarterly, semiannually or annually. The rate on floating rate CDs, fixed-to-floating rate CDs, and step-up rate CDs will be set periodically and interest will be paid monthly, quarterly, semiannually, or annually as specified in your trade confirmation. Interest will accrue up to, but not including, the interest payment date, the maturity date or any call date. If an interest payment date falls on a day that is not a business day, interest will be paid on the next succeeding business day, but no additional interest will accrue for such interest period after such interest payment date. A “business day” shall be a day on which Merrill and the banks in both the Issuer’s domicile and New York are open for business.

Interest on CDs is not compounded. Interest on CDs in the primary market is calculated on the basis of the actual number of days elapsed over a 365-day year. However, the amount of interest on CDs that may be purchased in any secondary market may be based on other interest rate calculations. You can obtain from Merrill information about specific rates for any interest period or concerning the interest rate calculation on a secondary market CD.

CD Maturity. The CDs will mature on the date indicated in the trade confirmation and interest on the CDs will not continue to accrue (or, in the case of zero-coupon CDs, accrete) after maturity. Unless you have elected to enroll a CD in Merrill’s Brokered CD Auto-Roll Program, proceeds from CDs will not be automatically renewed or rolled over at maturity. Instead, at maturity, the CD balances will be remitted by the Issuer to Merrill and credited to your account with Merrill (and/or, in the case of the Merrill Brokered CD Auto-Roll Program, reinvested in accordance with your selected reinvestment criteria under the program). If the maturity date is not a business day, the CD balances will be paid on the next succeeding business day. The Merrill Brokered CD Auto-Roll Program may not be available for all types of accounts at, or all kinds of CDs offered by, Merrill.

Callable CDs. If you buy a Callable CD, the Issuer may redeem it, in its sole discretion, on a specified call date or call dates. Your trade confirmation will include certain key features of the Callable CDs you purchase. If the CD is called, you will be paid the outstanding principal amount and interest accrued or accreted up to, but not including, the call date, and no interest will be earned after the call date. The Issuer is required to notify Merrill of its intent to call the CD prior to exercising the call. Merrill will use reasonable efforts to notify you of the Issuer’s intent to call the CD, but the failure of Merrill to notify you will not affect the validity of the call. See section headed “Important Investment Considerations: Callable CDs.”

You should compare the rates of return and other features of the CDs to other available investments before deciding to purchase a CD. The rates paid with respect to the CDs may be higher or lower than the rates available on other deposits directly from the Issuers or through other brokers.
**Fees**

**Brokerage Accounts.** Merrill may source CDs for your purchase in the primary market through its affiliate, BofA Securities, Inc. In connection with offering primary market CDs that you may purchase in your Brokerage Accounts, Merrill and/or BofA Securities, Inc. may act in a principal or agency capacity, which will be disclosed on your trade confirmation. In primary market CD offerings, BofA Securities, Inc. may act as a broker or placement agent for Issuers, and Issuers may pay BofA Securities, Inc. a placement fee that amounts to an annualized rate of between 2 and 30 basis points. When BofA Securities, Inc. acts as a broker or placement agent for Issuers, Merrill may act as an agent for its customers in arranging for the purchase of CDs from BofA Securities, Inc.; if so, a portion of the placement fee received by BofA Securities, Inc. is paid to Merrill. If you buy CDs through a Merrill financial advisor, a part of Merrill’s placement fee is used to compensate your financial advisor. Merrill also may source CDs for your purchase through other unaffiliated broker-dealers; in such cases, Issuers may pay a placement fee to other unaffiliated broker-dealers for the distribution of CDs that Merrill offers for your purchase. If you buy or sell CDs in the secondary market in your Brokerage Accounts, the price at which you buy or sell CDs may reflect a mark-up or mark-down retained by Merrill or its affiliate (see “Secondary Market”). A portion of any mark-up/mark-down is used to compensate your Merrill financial advisor. In certain situations, a handling fee, may apply. Sales compensation and handling fees, if any, are disclosed on your trade confirmation.

**Investment Advisory Program Accounts.** Similar to Brokerage Accounts, Merrill may source CDs for your purchase in the primary market through its affiliate, BofA Securities, Inc.; however, in such cases, each of Merrill and BofA Securities, Inc. will act as agent, and neither Merrill nor BofA Securities, Inc. will retain any fees from Issuers for offering such CDs. Merrill also may source CDs for your purchase through other unaffiliated broker-dealers; in such cases, Issuers may pay a placement fee to other unaffiliated broker-dealers for the distribution of CDs that Merrill offers for your purchase, and neither Merrill nor its affiliates will be paid any portion of such fees. CDs purchased or held in your Investment Advisory Account will be included in calculating the asset-based investment advisory fee charged on such accounts. If you buy or sell CDs in the secondary market through an Investment Advisory Account, the price may reflect a mark-up or mark-down to other unaffiliated broker-dealers through whom such CDs are sourced. None of this mark-up or mark-down will be payable to Merrill or its financial advisors. For Secondary Market transactions in Investment Advisory Accounts, Merrill will not make a market in the CDs but will work with unaffiliated broker-dealers to execute your transaction (see “Secondary Market”).

**Your Relationship with Merrill and the Issuer**

The CDs are evidenced by one or more master certificates issued by the Issuer, each representing a number of individual CDs. These master certificates are held by The Depository Trust Company ("DTC") as the registered holder of the CDs. Merrill, as custodian, keeps records of the ownership of each CD and will provide you with a written confirmation of your purchase. You also will be provided with a periodic account statement from Merrill that will reflect your CD ownership. You should retain the trade confirmation and the account statement(s) for your records.

You will not receive a passbook, certificate or other evidence of ownership of the CD from the Issuer. The purchase of a CD is not recommended for persons who wish to take actual possession of a certificate.

Your account statement from Merrill will provide the estimated secondary market price you might receive if you were able to sell your CD prior to maturity, and the estimated price or any actual price you may receive may be less than the original principal (par) amount of the CD or the price you paid for the CD (if different from the principal amount). Any prices on your statement are estimates and are not based on actual market prices.

Your deposit insurance coverage will be determined based on the outstanding principal amount of your CD (or the accreted value in the case of a zero-coupon CD), not the estimated price. See the sections headed “Deposit Insurance: General” and “Secondary Market.”

If you choose to remove Merrill as your agent or custodian with respect to your CD, you may (i) transfer your CD to another agent or custodian, provided that the agent or custodian is a member of DTC (most major brokerage firms are members; many banks and savings institutions are not); or (ii) request that your ownership of the CD be evidenced directly on the books of the Issuer, subject to applicable law and the Issuer’s terms and conditions, including those related to the manner of evidencing CD ownership. If you choose to remove Merrill as your agent or custodian, Merrill will have no further responsibility for payments made with respect to your CD. If you establish your CD directly on the books of the Issuer, you will have the ability to enforce your rights in the CD directly against the Issuer.

Each CD constitutes a direct obligation of the Issuer and is not, either directly or indirectly, an obligation of Merrill. No
deposit relationship shall be deemed to exist prior to the receipt and acceptance of your funds by the Issuer.

Some Issuers may be state chartered banks that operate on a cooperative basis without shareholders ("Cooperative Banks"). You may have certain rights under state law as a depositor of the Cooperative Bank to elect directors, vote on a bank conversion from cooperative to stock form and purchase stock in the event of a conversion. If you have such rights, and if the Issuer notifies Merrill of an event that permits your participation as a depositor, Merrill will use reasonable efforts to make available information regarding your ability to participate. Merrill will assume no responsibility for exercising such rights on your behalf. If you choose to exercise your rights as a depositor, you will need to establish your CD directly with the Issuer as set forth in the section headed “Your Relationship with Merrill and the Issuer.” You can obtain a current list of Cooperative Banks by selecting “Mutual (non-stock) Savings Institutions” under the search function (common searches) of the Banks—Details and Financials—Institution Directory on the FDIC’s website at www.fdic.gov.

**Important Investment Considerations**

**General**

**FDIC Insurance Limits.** You will not have the benefit of federal deposit insurance for your CD and any other deposits in excess of, in the aggregate, $250,000 held at any one Issuer in the same insurable capacity. You are responsible for monitoring the total amount of deposits that you hold with any one Issuer. Merrill is not responsible for any insured or uninsured portion of the CDs or any other deposits. See the discussion of deposit insurance limits in the section headed “Deposit Insurance”.

**Compare Features.** You should compare the rates of return and other features of the CDs to other available investments before deciding to purchase a CD, or determining the account through which you should purchase the CD. The rates paid with respect to the CDs may be higher or lower than the rates available on other deposits directly from the Issuers or through other brokers. In addition, if your CD has a step-up rate or floating rate, depending on the interest rate environment, the CD may pay substantially more or substantially less interest over the term of the CD than would be paid on a fixed-rate CD of the same maturity.

**Investment Advisory Program – Wrap Fees.** CDs purchased or held in your Investment Advisory Account(s) will be included in calculating the asset-based investment advisory fee charged on such accounts. You should consider the impact of the asset-based investment advisory fee on the yield of any CDs purchased in such accounts and whether it may be more appropriate to purchase or hold any such CDs in a Brokerage Account where ongoing investment advisory fees will not be charged.

**Limited Liquidity.** CDs are most appropriate for purchasing and holding to maturity. If your CD is callable by the Issuer, you should be prepared to hold your CD in accordance with its terms. Merrill may, but is not required to, maintain a secondary market in the CDs. If you are able to sell your CD, the price you receive will reflect prevailing market conditions and your sales proceeds may be less (and potentially significantly less) than the amount you paid for your CD. If you wish to dispose of your CD prior to maturity, you should read the sections headed “Additions or Withdrawals Prior to Maturity” and “Secondary Market.”

**Limited Inventory.** The inventory of CDs eligible for purchase in Brokerage Accounts is generally larger than the inventory of CDs eligible for purchase in Investment Advisory Accounts. Accordingly, you may have greater selection in respect of CD Issuers and terms if you purchase through a Brokerage Account.

**Reinvestment Risk.** If you are able to sell your CD prior to maturity or your CD is paid off prior to maturity as a result of the Issuer’s insolvency, exercise by the Issuer of any right to call the CD or a voluntary early withdrawal as permitted in certain circumstances (see the sections headed “Secondary Market” and “Additions or Withdrawals Prior to Maturity”), you may not be able to reinvest your funds at the same rate as the original CD. Merrill is not responsible to you for any losses you may incur as a result of a lower interest rate on an investment replacing your CD.

**Insolvency of the Issuer.** In the event the Issuer approaches insolvency or becomes insolvent, the Issuer may be placed in regulatory conservatorship or receivership with the FDIC typically appointed the conservator or receiver. The FDIC may thereafter pay off the CDs prior to maturity or transfer the CDs to another depository institution. If the CDs are transferred to another institution, you may be offered a choice of retaining the CDs at a lower interest rate or having the CDs paid off. See the sections headed “Deposit Insurance: General” and “Deposit Insurance: Deposit Insurance Payments Under Adverse Circumstances.”
**SEC Investor Tips.** The Securities and Exchange Commission periodically publishes tips for investors in various financial products, including CDs, on its website. You may access these investor tips at [www.sec.gov](http://www.sec.gov).

**FDIC Information.** The FDIC has a wealth of information about deposit insurance, financial institutions and related topics on its website at [www.fdic.gov](http://www.fdic.gov).

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**Callable CDs**

If you buy a Callable CD, then in addition to the investment considerations set forth above, the following investment considerations apply.

- Callable CDs present different investment considerations than CDs not subject to call by the Issuer and may not be appropriate for every investor. You should carefully review your trade confirmation for the terms of your CD, including the maturity date and the time periods when the Issuer may call your CD.

- The Issuer decides in its sole discretion whether to call a CD before maturity in accordance with the CD’s terms. The Issuer is not obligated to call the CDs. Merrill does not control whether or when an Issuer decides to exercise a call. You should be aware that the Issuer will call the CDs, if at all, when it is most advantageous for the Issuer to do so without reference to your investment needs. The Issuer is most likely to call the CDs when interest rates on comparable deposit obligations are lower than the interest rate paid on the CDs.

- You do not have the right to redeem a callable CD prior to its maturity date except in cases of death or adjudication of incompetence.

- If the Issuer chooses to call your CD, you will be paid the outstanding principal amount of the CD and interest accrued up to, but not including, the call date, and no interest will be earned after the call date. The estimated market value of the CD on your account statement does not determine the amount you will receive if the CD is called. Principal and accrued interest on callable CDs will be insured by the FDIC within the applicable limits described in the section headed “Deposit Insurance.”

- If the CD is called, you may be unable to reinvest the funds at the same rate as the original CD.

- If the CD is never called, you may be required to hold the CD until maturity.

- If Merrill maintains a secondary market in the CD, which it is not obligated to do, the call feature may affect the price you receive if you sell your CD prior to maturity. See the section headed “Secondary Market.”

- In the case of a step-up rate callable CD, the Issuer will take a scheduled rate increase into consideration in determining whether to call the CD before any rate increase becomes effective. You should be aware that your CD may never receive a rate higher than the initial rate.

- Merrill is not responsible to you for any losses you may incur as a result of an Issuer’s decision to exercise or not exercise a call.

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**Deposit Insurance**

Please note that the discussions of FDIC insurance in this Fact Sheet are subject in their entirety to rules, regulations and interpretations of the FDIC and to any changes in federal deposit insurance coverage, or the FDIC rules, regulations or interpretations that may become effective during the term of the CDs. You can get additional information at [www.fdic.gov](http://www.fdic.gov).

**General**
Maximum Insurable Amount. Your CDs are insured by the FDIC, an independent agency of the United States Government, up to $250,000 (including principal and accrued interest) for all deposits held in the same insurable capacity (e.g., individual, joint, IRA accounts, etc.) per any one Issuer. Generally, any accounts or deposits that you may maintain directly with a particular Issuer, or through any other intermediary in the same insurable capacity in which the CDs are maintained, would be aggregated with the CDs for purposes of the $250,000 federal deposit insurance limit. In the event an Issuer fails, interest-bearing CDs are insured, up to $250,000, for principal and interest accrued to the date the Issuer is closed. Zero-coupon CDs are insured to the extent of the original offering price plus interest at the rate quoted to the depositor on the original offering, accreted to the date of the closing of the Issuer. Interest is determined for insurance purposes in accordance with federal law and regulations. The original offering price of a zero-coupon CD plus accreted interest is hereinafter called the “accreted value.”

Treatment upon Death of Owner. Under certain circumstances, if you become the owner of CDs or other deposits at an Issuer because another depositor dies, beginning six months after the death of the depositor the FDIC will aggregate those deposits for purposes of the $250,000 federal deposit insurance limit with any other CDs or deposits that you own in the same insurable capacity at the Issuer. Examples of accounts that may be subject to this FDIC policy include joint accounts, “payable on death” accounts and certain trust accounts. The FDIC provides a six month “grace period” to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

BY YOUR PURCHASE OF A CD YOU ARE DEEMED TO REPRESENT TO THE ISSUER AND THE FIRM THAT YOUR DEPOSITS WITH THE ISSUER (OR IF YOU ARE ACTING AS A CUSTODIAN, THE DEPOSITS OF THE BENEFICIARIES), INCLUDING THE CD, WHEN AGGREGATED IN ACCORDANCE WITH FDIC REGULATIONS, ARE WITHIN THE FEDERAL DEPOSIT INSURANCE LIMIT.

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

Monitoring of Aggregation. You are responsible for monitoring the total amount of deposits (including CDs, savings accounts, money market deposit accounts, etc.) that you hold with any one Issuer, directly or through an intermediary, in order for you to determine the extent of federal deposit insurance coverage available to you on your deposits, including the CDs. Merrill is not responsible for any insured or uninsured portion of the CDs or any other deposits.

Premium Paid for CDs in Secondary Market Purchases Is Not FDIC Insured. In the event that you purchase a CD in the secondary market at a premium over the par amount (or accreted value in the case of a zero-coupon CD), that premium is not FDIC insured. Similarly, you are not insured for any premium reflected in the estimated market value of your CD on your account statement. If deposit insurance payments become necessary for the Issuer, you can lose the premium paid for your CD and will not receive any premium shown on your account statement. See the section headed “Secondary Market.”

Deposit Insurance Limits for Specific Accounts

The application of the $250,000 federal deposit insurance limit is illustrated by several common factual situations discussed below. Please review the section headed “Deposit Insurance: Retirement Plans and Accounts” for the application of the $250,000 federal deposit insurance limit to retirement plans and accounts.

Individual Customer Accounts. An individual account is an account owned by one person. Deposits of any one Issuer held by an individual in an account in the name of an agent or nominee of such individual (such as the CDs held in a Merrill account) or held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the agent, nominee or custodian, but are added to other deposits of such individual held in the same insurable capacity (including funds held in a sole proprietorship) and insured up to $250,000 in the aggregate. Deposits held through a qualified tuition savings program (529 Plan) will be insured as deposits of the participant and aggregated with other deposits of the participant if the arrangement and the name of the participant are identified on Merrill's account records.
Corporate, Partnership and Unincorporated Association Accounts. Deposits of any one Issuer owned by corporations (including Subchapter S corporations), partnerships and unincorporated associations, operated for a purpose other than to increase deposit insurance, are added together with other deposits owned by such corporation, partnership and unincorporated association, respectively, and are insured up to $250,000 in the aggregate.

Joint Accounts. A joint account is an account owned by two or more people. An individual’s interest in deposits of any one Issuer held under any form of joint ownership may be insured up to $250,000, separately and in addition to the $250,000 allowed on other deposits individually owned by any of the co-owners of such accounts (hereinafter referred to as a “Joint Account”). For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to $500,000 ($250,000 for each person), subject to aggregation with each owner’s interests in other Joint Accounts at the same depository institution. Joint Accounts will be insured separately from individually owned accounts only if each of the co-owners is a natural person, has a signed account agreement with Merrill, and has a right of withdrawal on the same basis as the other co-owners.

Revocable Trust Accounts. A revocable trust is an account that indicates an intention that funds will belong to named beneficiaries upon the owner’s death, and that can be revoked or terminated at the discretion of the owner. Deposits of any one Issuer held in a “revocable trust” are generally insured up to $250,000 per beneficiary if the beneficiary is a natural person, charity or other non-profit organization. The FDIC recognizes two types of revocable trusts.

- **Informal revocable trusts** include accounts in which the owner evidences an intent that at his or her death the funds shall belong to one or more specified beneficiaries. These trusts may be referred to as a “Totten trust,” “payable upon death” account or “transfer on death” account. Each beneficiary must be included in Merrill’s account records.

- **Formal revocable trusts** are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts may be referred to as “living” or “family” trusts. The beneficiaries of a formal revocable trust do not need to be included in Merrill’s account records.

Under FDIC rules, FDIC coverage will be $250,000 per beneficiary, multiplied by the number of beneficiaries, regardless of the proportional interest of each beneficiary in the revocable trust. However, if the trust has more than $1,250,000 in deposits at the Issuer and more than five beneficiaries, the funds will be insured for the greater of $1,250,000 or the aggregate amount of all beneficiaries’ proportional interests, limited to $250,000 per beneficiary.

Deposits in all revocable trusts of the same owner – informal and formal – at the same Issuer will be aggregated for FDIC insurance purposes. A revocable trust established by two owners, such as a husband and wife, where the owners are the sole beneficiaries will be treated as a Joint Account under applicable rules and will be aggregated with other Joint Accounts.

Irrevocable Trust Accounts. An irrevocable trust is an account in which the grantor gives up all power to the trust. The irrevocable trust may be created through an irrevocable trust document or agreement, statute or court order. Deposits of any one Issuer held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to $250,000 for the interest of each beneficiary provided that the beneficiary’s interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies). According to the FDIC, Coverdell Education Savings Accounts will be treated as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary’s interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at an Issuer created by the same grantor will be aggregated and insured up to $250,000.

Medical Savings Accounts. Deposits of any one Issuer held in a Medical Savings Account, sometimes referred to as an Archer Medical Savings Account, will be eligible for deposit insurance as either an individual account, a revocable trust account or an employee benefit plan. You may wish to consult with your attorney or the FDIC to determine the available deposit insurance coverage.

Deposit Insurance: Retirement Plans and Accounts

Retirement Plans and Accounts – Generally. If you have deposits of any one Issuer that are held through one or more retirement plans and accounts, the amount of deposit insurance you will be eligible for, including whether CDs held by the plan or account will be considered separately or aggregated with the CDs of the same Issuer held by other plans or accounts,
will vary depending on the type of plan or account. It is therefore important to understand the type of plan or account holding the CDs. The following sections generally discuss the rules that apply to deposits of retirement plans and accounts.

**Individual Retirement Accounts ("IRAs").** Deposits of any one Issuer held in an IRA will be insured up to $250,000 in the aggregate. However, the CDs of any one Issuer acquired by an IRA will be aggregated with the CDs of the same Issuer held by certain employee benefit plans in which the owner of the IRA has an interest. Thus, the owner of an IRA will only be eligible for insurance of $250,000 for CDs at any one Issuer held in plans and accounts that are subject to aggregation. See the section below headed “Aggregation of Retirement Plan and Account Deposits.”

**Pass-Through Deposit Insurance for Employee Benefit Plan Deposits.** Subject to the limitations discussed below, under FDIC regulations an individual's non-contingent interests in the deposits of any one Issuer held by many types of plans are eligible for insurance up to $250,000 on a “pass-through” basis. This means that instead of an employee benefit plan's deposits at one Issuer being entitled to only $250,000 in total per Issuer, each participant in the employee benefit plan is entitled to insurance of his or her non-contingent interest in the employee benefit plan's deposits of up to $250,000 per Issuer (subject to the aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is separate from the $250,000 federal deposit insurance limit allowed on other deposits held by an individual in different insurable capacities with the Issuer.

The types of plans for which deposits may receive pass-through treatment are employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act (ERISA) (including Keogh plans, whether or not they are technically “employee benefit plans” under ERISA) and eligible deferred compensation plans described in Section 457 of the Internal Revenue Code of 1986. For purposes of Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

A deposit held by an employee benefit plan that is eligible for pass-through insurance is not insured for an amount equal to the number of plan participants multiplied by $250,000. For example, an employee benefit plan owns $500,000 in CDs at one Issuer and the participants are eligible for up to $250,000 per plan beneficiary. The employee benefit plan has two participants, one with a non-contingent interest of $425,000 and one with a non-contingent interest of $75,000. In this case, the employee benefit plan’s deposit would be insured up to only $325,000; the individual with the $425,000 interest would be insured up to the $250,000 limit and the individual with the $75,000 interest would be insured up to the full value of such interest.

The contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee benefit plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan deposit are interests that are not capable of evaluation in accordance with FDIC rules, and are aggregated and insured up to $250,000 per Issuer. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to $250,000 separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

**Aggregation of Retirement Plan and Account Deposits.** Under FDIC regulations, an individual's interests in plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits of the same Issuer will be insured for $250,000 in the aggregate. In addition, under FDIC regulations an individual's interest in the CDs of one Issuer held by (i) IRAs, (ii) Section 457 Plans, (iii) self-directed Keogh Plans and (iv) self-directed defined contribution plans that are acquired by these plans and accounts will be insured for $250,000 in the aggregate whether or not maintained by the same employer or employee organization.

**Deposit Insurance Payments Under Adverse Circumstances**

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make insurance payments available, although the FDIC attempts to make such payments available as soon as practicable. Accordingly, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

**Records and Documentation.** As explained above, the $250,000 federal deposit insurance limit applies to the principal and accrued interest on all CDs and other deposit accounts maintained by you at the Issuer in the same insurable capacity. The records maintained by the Issuer and Merrill regarding ownership of CDs would be used to establish your eligibility for federal deposit insurance payments. In addition, you may be required to provide certain documentation to the FDIC and to Merrill before insurance payments are released to you. For example, if you hold CDs as trustee for the benefit of
trust participants, you may also be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and provide indemnities regarding an insurance payment.

**Insurance Payout or Transfer to Solvent Bank.** In the event that deposit insurance payments become necessary for your CDs, the FDIC is required to pay the original par amount plus accrued interest (or the accreted value in the case of zero-coupon CDs) to the date of the closing of the relevant Issuer, as prescribed by law, and subject to the $250,000 federal deposit insurance limit. No interest or accreted value is earned on deposits from the time an Issuer is closed until insurance payments are received.

As an alternative to a direct deposit insurance payment from the FDIC, the FDIC may transfer the insured deposits of an insolvent institution to a healthy institution. Subject to insurance verification requirements and the limits on deposit insurance coverage, the healthy institution may assume the CDs under the original terms or offer you a choice between paying the CD off and maintaining the deposit at a different rate. There may be a delay in receiving notification from the healthy institution, and the healthy institution may lower the rate on the CDs prior to providing notice. Merrill will advise you of your options in the event of a deposit transfer as information becomes available.

Merrill will not be obligated to you for amounts not covered by deposit insurance nor will Merrill be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to your CD, (ii) your receipt of a decreased interest rate on an investment replacing your CD as a result of the payment of the principal and accrued interest or the accreted value of a CD prior to its scheduled maturity or (iii) payment in cash of the principal and accrued interest or the accreted value of your CD prior to maturity in connection with the liquidation of an Issuer or the assumption of all or a portion of its deposit liabilities.

Please note that the amount of a payment on a CD that had been purchased at a premium in the secondary market is based on the original par amount (or, in the case of a zero-coupon CD, its accreted value) and not on any premium amount. Therefore, you can lose up to the full amount of the premium as a result of such a payment. Also, Merrill will not be obligated to credit your account with funds in advance of payments received from the FDIC.

**Questions About FDIC Deposit Insurance Coverage**

You may obtain information about FDIC insurance coverage by contacting the FDIC, Deposit Insurance Outreach, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 (TDD)), by visiting the FDIC website at www.fdic.gov/deposit/index.html, or by e-mail using the FDIC’s On-line Customer Assistance Form available on its website. You should also seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity.

**Additions or Withdrawals Prior to Maturity**

No additions are permitted to be made to any CD. When you purchase a CD, you are required to keep your funds on deposit for the term of the CD. Accordingly, except as set forth below, no early withdrawals of CDs will be available. The early withdrawal provisions, if any, applicable to your CD may be more or less advantageous than the provisions applicable to other deposits available from the Issuer.

In the event of death or the adjudication of incompetence of the owner of a CD, early withdrawal of the entire CD will be generally permitted without penalty, subject to potential limitations imposed by the Issuer, including as described below. Partial withdrawal of the owner’s interest in a CD will not be permitted.

For purposes of early withdrawal in the event of death or adjudication of incompetence of the owner of a CD, an Issuer may limit the aggregate amount of the withdrawal (principal plus accrued interest) of all CDs held in the same insurable capacity to the FDIC insurance coverage amount applicable to such insurable capacity. CDs held in excess of the applicable FDIC insurance coverage amount may be denied withdrawal by an Issuer; however, such CDs may be sold at their current market price if Merrill maintains a secondary market in the CD (see the section headed “Secondary Market”). All issues regarding eligibility for early withdrawal will be determined by the Issuer in its sole discretion. Written verification acceptable to the Issuer will be required to permit early withdrawal. Please contact Merrill if you have any questions concerning the application of this possible limit on the early withdrawal to your CDs.
In the event that a customer wishes to make an early withdrawal, and such withdrawal is permitted, Merrill endeavors to obtain funds for the customer as soon as possible. However, Merrill will not advance funds in connection with early withdrawals and can give no assurances that payment pursuant to early withdrawals will be made by a specified date.

Pursuant to the Internal Revenue Code of 1986, as amended, the beneficiary of a traditional IRA (but not a Roth IRA) must begin making withdrawals from the IRA after age 70 1/2. CDs held in an IRA are not eligible for early withdrawal simply because the beneficiary must begin making mandatory withdrawals from the IRA. IRA beneficiaries should purchase CDs with maturities that correspond to the mandatory withdrawal requirements or look to the secondary market for liquidity. See the section headed “Secondary Market.”

Secondary Market

Limited Liquidity. Merrill or another broker-dealer, though not obligated to do so, may maintain a secondary market in the CDs. If you wish to sell your CD prior to maturity and Merrill does not maintain a secondary market, Merrill may attempt to sell your CD in any secondary market maintained by another broker-dealer. Merrill cannot provide assurance that you will be able to sell your CDs prior to their maturity. In addition, a secondary market for the CDs may be discontinued at any time without notice. Therefore, you should not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to maturity, or having access to proceeds prior to maturity. Merrill will not maintain a secondary market for CDs purchased through Investment Advisory Accounts, but will work with unaffiliated broker-dealers to execute your transaction.

Secondary Market Prices May Be Less Than Par. In the event that a buyer is available at a time you attempt to sell your CD prior to its maturity, the price at which your CD is sold may result in a return to you that may differ from the yield that the CD would have earned had it been held to maturity, since the selling price for a CD in such circumstances will likely be based on a number of factors such as interest rate movements, time remaining until maturity, the Issuer’s creditworthiness, and other market conditions. Also, the price at which a CD may be sold if a secondary market is available may reflect a mark-down, which is retained by Merrill or its affiliate if such CD were sold from your Brokerage Account. Similarly, the price you may pay for any CD purchased in the secondary market may include a mark-up, which is retained by Merrill or its affiliate if such CD were purchased in your Brokerage Account. Additionally, if you buy or sell CDs in the secondary market (whether through a Brokerage Account or an Investment Advisory Account), the price at which you buy or sell such CDs may reflect a mark-up or mark-down to other unaffiliated broker-dealers through whom such CDs are sourced. None of any mark-up or mark-down will be payable to Merrill or its financial advisors when CDs are purchased or sold through an Investment Advisory Account. In the event you are able to sell a CD in the secondary market, you may receive less in sale proceeds than the original principal amount of the CD, the price you paid for the CD (if different from the principal amount), or the estimated price for such CDs as reflected on your account statement. This will be particularly true if interest rates have risen since the time of the original transaction.

In the event that a CD is purchased in the secondary market at a premium over the par amount (or accreted value in the case of a zero-coupon CD), the premium is not FDIC insured. Therefore, if deposit insurance payments become necessary for the Issuer, the owner of a CD purchased in the secondary market can incur a loss of up to the amount of the premium paid for the CD. (Also see the section headed “Deposit Insurance: General.”)

No FDIC Insurance for Premiums Paid for CDs. The uninsured premium being paid for an interest-bearing CD can be determined from the price set forth in your trade confirmation. Prices on CDs are expressed in relation to par ($100). Any amount over $100 represents the premium. For example, if your trade confirmation states that the price for a CD purchased in the secondary market is $100.25, there is a $0.25 premium that will not be insured by the FDIC. A price of $99.75 would not include a premium. The trade confirmation will also inform you if the CD has accrued interest, which will be insured as long as the principal amount of CDs held by you in one insurable capacity at the Issuer plus the accrued interest does not exceed the $250,000 federal deposit insurance limit.

In the case of a zero-coupon CD purchased in the secondary market, the uninsured premium can initially be calculated by subtracting the accreted value from the “Gross Amount” paid. This uninsured premium does, however, decline over time. The accreted value of a zero-coupon CD, which is based upon the original issue yield and price, can be obtained at the time of purchase from Merrill.

Callable CDs. If you purchase a Callable CD in the secondary market at a premium, you will receive only the par amount if it is called.
U.S. Federal Income Tax Consequences

The following is a summary of the principal U.S. federal income tax consequences of the ownership of the CDs. It does not purport to deal with all of the federal income tax consequences applicable to all potential CD holders and does not deal with holders of CDs other than original purchasers. You should consult your own tax advisors regarding federal, state, local and any other income and estate tax laws applicable to your particular situation.

United States Holders. Interest paid on an interest-bearing CD is generally taxable each year as ordinary income in accordance with the beneficial owner’s method of accounting. A portion of the discount from face value of a zero-coupon CD will be taxable each year as ordinary interest income, even though the cash attributable to this discount is not received by the beneficial owner of the CD until the maturity of the CD. Notwithstanding these general rules, the tax liability on interest paid or discount accrued, as the case may be, on CDs held by traditional IRAs and self-employed defined contribution plans (such as a SEP or SIMPLE, occasionally referred to as a Keogh plan), is postponed until actual distribution of the interest or discount accrued, as the case may be, to the beneficiary of the plan. Interest income accumulates in a Roth IRA tax-free, and if certain criteria are met, distributions from a Roth IRA will not be subject to tax.

Merrill, if applicable, will provide you with an annual statement containing certain information relevant to the determination of the amount of interest or discount income with respect to your CDs upon which you will be taxed for the preceding calendar year.

In the case of a CD with a maturity of more than one year, on the sale, early withdrawal, maturity or other disposition of such a CD, a CD owner will realize gain or loss equal to the difference between (i) the amount received by the CD owner and (ii) the acquisition cost of the CD increased in the case of a zero-coupon CD by the amount of the discount previously taxed to the owner with respect to the CD. For this purpose, the amount received does not include any amount attributable to accrued and unpaid interest on the CD, which amount is treated as interest includible in income unless previously included. Gain or loss generally will be long-term capital gain or loss if the CD was held for more than one year.

In the case of a CD with a maturity of one year or less where interest is paid at maturity, any gain realized upon a sale or exchange prior to maturity will be treated as ordinary income to the extent of the holder’s ratable share of the interest payable at maturity (i.e., the original issue discount inherent in such obligation) unless previously included in income. Holders that use the accrual method of accounting are required to accrue original issue discount (“OID”) on a straight-line basis unless an election is made to accrue the OID under a constant yield method based on daily compounding. A holder should consult his or her tax advisor with respect to available alternative methods of calculating the amount of interest that would be accrued to the date of sale or exchange prior to maturity.

Non-United States Holders. Interest or discount income, as the case may be, paid on CDs beneficially owned by a non-resident alien individual or foreign corporation (Foreign Holder) will not be subject to any United States federal income or withholding tax, provided that (i) the Foreign Holder provides Merrill, either directly, or indirectly through a financial institution holding the CD as nominee for the Foreign Holder, with an appropriate Form W-8BEN or Form W-8BEN-E (or a substitute statement in a form substantially similar to the appropriate Form W-8BEN or Form W-8BEN-E) in which the Foreign Holder provides the Foreign Holder’s name and address and certifies, under penalties of perjury, that the Foreign Holder is the beneficial owner of the CD and is not a citizen or resident of the United States or an entity organized in the United States and (ii) such income is not effectively connected with a trade or business conducted within the United States by the Foreign Holder.

Interest paid (or discount deemed paid) to a nonresident alien individual holder on or after January 1, 2013 may be reported to the Internal Revenue Service, depending on the country of residence of the non-resident alien individual holder. Generally, reporting is required on interest or discount income that is earned by a non-resident alien individual holder whose tax residence is in a country that has in effect a tax information exchange agreement with the United States and that imposes an income tax. Payments of deposit interest made to a Canadian nonresident alien individual have been subject to reporting since 2002. Reporting is not required on interest or discount income paid to a corporation or foreign government. Any gain or income realized by a Foreign Holder upon the sale, early withdrawal, maturity or other disposition of a CD will not be subject to U.S. federal income or withholding tax if (i) such gain or income is not effectively connected with a trade or business in the United States of the Foreign Holder, and (ii) in the case of a Foreign Holder who is a non-resident alien individual, the non-resident alien individual is not present in the United States for 183 days or more during the calendar year of the disposition. Special rules apply to CDs owned by foreign partnerships or foreign trusts. Prospective purchasers of the CDs should consult their own tax advisors concerning the tax consequences of ownership of a CD in their particular situations.
Also, all non-individual Foreign Holders are required to submit a Form W-8BEN-E to certify the Foreign Holder’s status under the Foreign Account Tax Compliance Act (FATCA). An individual who is a nonresident alien individual submits a Form W-8BEN to claim nonresident alien individual status. FATCA requires foreign entities to identify their U.S. owners or account holders to the Internal Revenue Service or be subject to 30 percent withholding on U.S. source interest income and on the gross proceeds from the sale of an asset that produces such interest income. Form W-8BEN-E permits a non-individual Foreign Holder to identify itself as a foreign person in order to avoid backup withholding.