



INDIVIDUAL RETIREMENT ACCOUNT

**BEAR
STEARNS**

BEAR, STEARNS SECURITIES CORP. INDIVIDUAL RETIREMENT ACCOUNT

This booklet contains a description of the Bear Stearns Individual Retirement Account (IRA), together with information and an application to open your own IRA. You will also find enclosed copies of the IRA Disclosure Statement and the Custodial Agreement. You should consult with your attorney and/or tax advisor to determine whether the provisions of this IRA will meet your financial needs and goals.

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What is an IRA?

An IRA is a type of custodial account established to help individuals accumulate funds for retirement. There are various types of IRAs available at Bear Stearns:

- A *standard IRA*, which receives annual contributions that are generally limited to the annual maximum contribution amount set forth in section 219(b) of the Internal Revenue Code and may be tax deductible in full or in part,
- A *rollover IRA*, which receives assets distributed from tax-qualified retirement plans or another IRA,
- A *SEP IRA*, which is a Simplified Employee Pension plan that allows self-employed individuals to make contributions toward their own retirement as well as toward the retirement of their employees, and
- A *Roth IRA*, which is similar to a standard IRA; however, contributions are nondeductible and distributions may be tax free.

You may establish a standard IRA, rollover IRA or SEP IRA through this document. A Roth IRA is available through a separate document at Bear Stearns. The balance of this booklet describes standard and rollover IRAs.

Why make annual contributions to an IRA?

An IRA provides tax-deferral advantages and may also provide tax-deduction advantages. Anyone who has not attained age 70½ as of the last day of the year for which a contribution is made and who receives compensation can establish an IRA. An IRA can be a part of your retirement planning, even when you participate in another retirement plan. Your contributions to your IRA are fully tax deductible if you are not an active depositor in another retirement plan. If either you or your spouse participate in other tax-deferred plans (pension, 401(k), etc.), all or part of your annual contribution may not qualify for a tax deduction. Regardless of whether your contributions are tax deductible, taxes on all IRA earnings are deferred until you take a distribution from the IRA. The sooner you open an IRA, the sooner you can enjoy tax-deferred earnings on your contributions.

What is a rollover?

A rollover is a contribution to your IRA of cash or other assets you receive from an IRA or an employer's tax-qualified retirement plan. A rollover is a tax free way to move money or assets. You can establish a rollover IRA even if you have reached age 70½. There are two basic types of rollover IRAs:

- Rollover IRAs that receive assets from another IRA that was funded with annual contributions made by you (you are really just changing the custodian), and
- Rollover IRAs that receive assets from a tax-qualified retirement plan that was maintained by your employer.

How do I roll over assets from my existing IRA(s) to a Bear Stearns IRA?

You can do this in one of two ways after you complete an IRA Account Application and set up a Bear Stearns IRA:

- You can take a distribution from an existing IRA and then deposit it into your Bear Stearns IRA within 60 days (only one such rollover is permitted in any twelve-month period), or
- You can instruct the custodian of an existing IRA to transfer your assets directly to your Bear Stearns IRA (Bear Stearns will do this for you if you complete a Transfer Form that is available from your Account Executive or financial advisor).

How do I roll over assets from my existing tax-qualified retirement plan to a Bear Stearns IRA?

After you complete an IRA Account Application and set up your Bear Stearns IRA, you generally have a choice between two methods:

- You can have the distributing plan make payment directly to your Bear Stearns IRA (this is called a direct rollover), or
- You can take a distribution of your money and deposit it in your Bear Stearns IRA within 60 days.

The administrator of the retirement plan that is making the distribution to you is required to tell you whether your distribution is eligible for rollover to an IRA and how to accomplish a direct rollover.

Is there an advantage to a direct rollover?

Yes. In a direct rollover, the entire distribution from the retirement plan is rolled over to your IRA. If the distribution is paid directly to you from a tax-qualified plan, you will receive only 80% of the total because tax-qualified plans are required to withhold 20% of distributions. This money is sent to the IRS and is credited against your income tax liability. In this case, you could still roll over 100% of your distribution, but you would have to deposit cash from another source within 60 days to make up the 20% that was withheld. Any portion of the distribution that you do not roll over could be subject to ordinary income tax and a 10% penalty tax (if you are under age 59½).

How do I accomplish a direct rollover?

You simply complete an IRA Account Application and set up an IRA with Bear Stearns. You then direct the distributing plan to make your distribution check payable to Bear Stearns as Custodian of the Individual Retirement Account.

If your plan will wire transfer your assets, you may contact your Account Executive or financial advisor to complete an IRA Account Application and ask for wiring instructions.

How do I invest my IRA at Bear Stearns?

A Bear Stearns IRA is “self-directed,” which means that you are solely responsible for selecting the investments for your IRA and you provide your Account Executive or financial advisor with the instructions for implementing your investment decisions. This gives you flexibility in choosing your investment instruments. You can choose from a variety of equity and fixed income investments offered by, or available through, Bear Stearns, subject to any rules that Bear Stearns may establish. These investments include:

- Common stocks and/or preferred stocks;
- Interest-earning investments such as corporate bonds, Treasuries, GNMMAs and/or certificates of deposit.

Please note that if you do not select an available sweep fund for your IRA, any uninvested cash in your IRA will not be paid interest by Bear Stearns.

What types of investments are not allowed in my Bear Stearns IRA?

The following transactions are not permitted in an IRA account unless otherwise approved by the Bear Stearns Compliance Department:

- Margin trades;
- Foreign exchange transactions;
- Commodities trades;
- Outright purchase of options and uncovered writing of options (option activity is limited to covered equity call writing and protective/married equity put buying);
- Purchase of foreign securities which would require Bear Stearns to hold physical foreign certificates;
- Real estate;
- Outside dividend reinvestment plans;
- Collectibles (coins, gems, precious metals, antiques, bullion, etc.);
- Life insurance;
- Any investment which Bear Stearns deems not to be compatible with its administrative or operational requirements and regular business practices.

Is all income eligible for contributions?

Any compensation that you earn can be contributed to your IRA, up to the dollar limits set by federal law. Compensation means wages, salaries, tips, professional fees, bonuses, commissions, and net earnings from self-employment. Compensation also includes all taxable alimony received under a decree of divorce or separate maintenance. Compensation does not include disability payments, earnings and profits from property (interest, rent, dividends), or items not includible in your gross income. Compensation also does not include amounts received as deferred compensation such as any pension or annuity payment, nor does it include unemployment compensation.

Is there a minimum or maximum contribution amount?

You are not obligated to make a contribution to your IRA every year. However, there are rules which set a maximum contribution amount for a year.

- Unless an individual attains age 50 by the close of the taxable year, the maximum contribution to all of an individual's IRAs (including standard IRAs and Roth IRAs) for a year is limited to the lesser of \$4,000 or 100% of an individual's compensation. The annual contribution amount is increased to \$5,000 for any tax year beginning in 2008 and beyond. This amount is scheduled to increase thereafter for cost-of-living adjustments. An individual who attains age 50 by the close of the taxable year may make an additional contribution to his or her IRAs of \$500 for the 2005 tax year and \$1,000 for any tax year beginning in 2006 and beyond.
- A spousal IRA can be established for a nonworking spouse (or a spouse with lower compensation), provided a joint tax return is filed. Contributions to combined spousal IRAs are limited to twice the annual maximum contribution amount (\$8,000 for 2005 if neither spouse is age 50 or older) or, if less, 100% of the spouses' combined compensation. An additional "catch-up" contribution may be made to combined spousal IRAs on behalf of each spouse who qualifies (for 2005, this amount is \$500 if only one spouse is age 50 or older, \$1,000 if both spouses are age 50 or older). No more than the annual maximum contribution amount, and, if applicable, the "catch-up" contribution amount may be placed in either account.
- There is no limit on the amount of an eligible rollover contribution.
- There is no minimum IRA contribution.

What happens when I make contributions above the maximum limit?

Excess contributions are nondeductible and are subject to a penalty tax of 6% each year until the excess is eliminated. You can avoid paying the penalty tax by withdrawing the excess, along with any interest earned, on the date or before the date your tax return is due, including extensions.

How much of my contribution is tax deductible?

Contributions are fully deductible if you and your spouse are not active participants in another retirement plan. If your spouse is an active participant in a retirement plan, but you are not, you can still make a fully deductible IRA contribution of up to the annual maximum contribution amount and, if eligible, an additional “catch-up” contribution amount, if your combined annual income does not exceed \$150,000. A partially deductible contribution is available if your combined annual income is less than \$160,000. If you are an active participant in another plan, your deduction is limited based upon the income ranges set forth in the table below. Individuals or married couples with incomes at or below the lower number qualify for full deduction; those with incomes at or above the higher number do not qualify for a deduction and those with incomes between the two numbers qualify for partial deductions.

	Adjusted Gross Income Limits for Individual Returns	Adjusted Gross Income Limits for Joint Returns
2005 (and beyond for individual returns)	\$50,000 - \$60,000	\$70,000 - \$80,000
2006		\$75,000 - \$85,000
2007 (and beyond for joint returns)		\$80,000 - \$100,000

As an example, an individual earning up to \$50,000 in 2005 will be entitled to a fully deductible contribution to an IRA, regardless of his or her active participation in another retirement plan. A single individual with \$60,000 or more of adjusted gross income in 2005 and actively participating in another retirement plan will be permitted to make only a non-deductible contribution to an IRA for that year. The earnings in the account will be tax deferred until withdrawn.

When can I make my contributions?

Contributions must be made before your federal income tax return filing deadline, usually April 15 (not including extensions). Remember, since you are under no obligation to contribute to your IRA every year, a tax deduction is not possible in the years you do not contribute. Meanwhile, your IRA retains its tax-deferred status. Some individuals choose to make contributions well before the deadline in order to accumulate tax-deferred earnings as soon as possible. Contributions may continue until you reach age 70½.

When can withdrawals be taken?

Withdrawals may begin at age 59½ without incurring a penalty tax (equal to 10% of the taxable amount withdrawn), or sooner under some circumstances. Withdrawals are obligatory by April 1 of the year following the year the IRA holder reaches age 70½. Under all circumstances, withdrawals are considered income, and are therefore taxable at the rate in effect and applicable to the individual at the time of withdrawal.

There is no penalty for early withdrawals under the following circumstances:

- In the event of death or permanent disability;
- For medical expenses that exceed 7.5% of your adjusted gross income;
- For medical insurance costs after you have received unemployment compensation for 12 weeks;
- For the higher education expenses of you, or your spouse, child or grandchild;
- If the withdrawal is for a first-time home purchase and is limited to \$10,000 (maximum lifetime limit);
- If substantially equal periodic payments are made (not less frequently than annually) over the IRA holder's life (or life expectancy) or the joint lives (or life expectancies) of the IRA holder and his or her beneficiary.

What are my withdrawal options?

You may select one of the following distribution options:

- Lump sum, which means disbursement of the entire balance of the IRA to you;
- Over a period not extending beyond your life expectancy;
- Over a period not extending beyond the joint life expectancy of you and your beneficiary;
- Over your life; or
- Over the lives of both you and your designated beneficiary.

Distributions may be taken yearly, quarterly or monthly. In the case of death, distribution will go to your beneficiary. If no beneficiary has been designated by you or if no beneficiary can be located by the Custodian, assets in your IRA will be distributed to your surviving spouse, or if none, to your children in equal shares per stirpes, or, if none, to your estate. For more detailed information regarding when payment of your IRA account must begin and the minimum amounts that must be paid each year, see IRS Publication 590.

Are my IRA distributions taxable?

Distributions are taxed as ordinary income except to the extent of any nondeductible contributions. As a rule, IRA distributions do not get the same tax treatment applicable to some other retirement plan distributions. Bear Stearns is required by law to withhold

10% for federal income tax for any lump-sum distributions you receive from your IRA unless you elect otherwise. If you take distributions from your IRA in the form of an annuity or another form of periodic distribution, tax will generally be withheld based upon your marital status and the number of withholding allowances claimed on your Form W-4P, unless you elect otherwise.

How do I establish an IRA account at Bear Stearns?

To establish an account you need to fill out the IRA Application provided in this booklet. Please read the enclosed IRA Disclosure Statement and the Custodial Agreement carefully before signing your application. Review them with your attorney and/or tax advisor, then refer to the instructions on page 18 to complete the application. Forward the completed documents to your Account Executive or financial advisor.

What are my costs and fees?

There is no setup fee to establish your IRA account. There is an annual custodial account maintenance fee. This fee is not considered part of your contribution, and is therefore tax deductible as a miscellaneous expense if paid by separate check. Normal brokerage commissions and other securities transaction-related charges, which vary with the type and the size of transaction, will be charged to your IRA. A termination fee will be charged when an account is closed, along with the annual maintenance fee. Fees are not prorated. Fee details are provided in the enclosed application.

BEAR, STEARNS SECURITIES CORP. DISCLOSURE STATEMENT FOR INDIVIDUAL RETIREMENT ACCOUNTS (IRAs)

1. Introduction

The Internal Revenue Service requires that individuals establishing or maintaining an IRA be given an IRA Disclosure Statement to aid in the understanding of their rights and obligations. The following statement is only a general discussion of the restrictions and limitations concerning IRAs. Further information concerning IRAs may be obtained from any District Office of the Internal Revenue Service. The following does not consider state or local income tax treatment of an IRA. Because the tax treatment of IRAs is complex, you should contact your own tax or legal advisor for additional information and advice on your specific situation. BEAR STEARNS DOES NOT ACT AS YOUR TAX, LEGAL OR INVESTMENT ADVISOR FOR THIS IRA.

2. Summary

An IRA is a type of custodial account established in the United States for the benefit of either the individual who creates it or the individual's beneficiaries. Your interest in the balance of the account is nonforfeitable. Currently, the Internal Revenue Code permits an individual who qualifies to contribute each year to all of an individual's IRAs (including a Roth IRA as well as an IRA which meets the requirements of section 408 of the Internal Revenue Code) an amount not exceeding the lesser of \$4,000⁽¹⁾ or 100% of the individual's gross annual compensation. The Internal Revenue Code provides for an increase in the annual maximum contribution amount to \$5,000 for any tax year beginning in 2008 and beyond. This amount is scheduled to increase thereafter for cost-of-living adjustments. The Internal Revenue Code also permits an individual who attains age 50 before the end of the taxable year to make an additional "catch-up" contribution to his or her IRA of \$500 for the 2005 tax year and \$1,000 for any tax year beginning in 2006 and beyond.⁽²⁾ All or part of the contribution to the IRA may be deductible from gross income on your federal income tax return, depending on whether you or your spouse participates in a retirement plan sponsored by your employer (see "Contributions" below). However, no deductible contribution is permitted for the year in which the individual attains the age of 70½ or for any subsequent year.

3. Revoking Your IRA—Within 7 Days

(a) *General Rule.* If you have not received this Disclosure Statement at least seven (7) days prior to the establishment of your IRA, the law permits you to revoke your IRA within seven (7) days after its establishment. To revoke your IRA, you must, within that seven (7)-day period, provide both oral notification to your Account Executive or financial advisor and deliver or mail written notice of revocation to the Custodian, Bear, Stearns Securities Corp., IRA Department, 383 Madison Avenue, New York, New York 10179. Revocation shall be deemed to have been mailed on the date postmarked (or if sent by certified or registered mail, on the date of registration or certification). Revocation requires the Custodian to return your entire contribution to the IRA without penalty, service charge, administrative expenses, or any other reduction.

(b) *Material Changes.* If a material adverse change is made to the Disclosure Statement or to the IRA when you still have the right to revoke the IRA, the Custodian will inform you of the change, and you shall be permitted to revoke the IRA in the manner described in paragraph 3(a) above for a period of seven (7) days from your receipt of the notice of the change.

(1) A combined contribution of twice the annual maximum contribution amount (\$8,000 for 2005 if neither spouse is age 50 or older) or 100% of the spouses' combined compensation is permitted if an IRA is established for a nonworking or lower paid spouse. Neither spouse's IRA may receive more than the annual maximum contribution amount in any one taxable year. There is no limitation on the amount that can be rolled over.

(2) A "catch-up" contribution may also be made for each spouse who qualifies if a Roth IRA is established for a nonworking or lower paid spouse. For 2005, an additional "catch-up" contribution of \$500 is permitted if only one spouse is age 50 or older and a combined "catch-up" contribution of \$1,000 is permitted if both spouses are age 50 or older.

4. Contributions

(a) *Basic Rule.* Contributions must be made in cash, except for securities “rolled over” from a previously established IRA or from certain other tax-qualified retirement plans.⁽³⁾ Bear, Stearns Securities Corp., as your IRA Custodian, will not accept contributions (other than rollover contributions) for an IRA in excess of the annual maximum contribution amount.

(b) *Deductibility.* If neither you nor your spouse is an active participant in a retirement plan sponsored by an employer during the year, your IRA contribution (other than a rollover) will be tax deductible.

If you are an active participant in a retirement plan sponsored by your employer during the year, you may still make contributions to your IRA but the contributions may or may not be tax deductible, depending on your income level and tax filing status. The deductible amount of your contributions phases out as your adjusted gross income level rises.⁽⁴⁾ See Questions and Answers Section, page 5, for a schedule of the income ranges which will be used to determine the deductibility of your IRA contributions, which vary by year and by filing status. If you are an active participant in a retirement plan and you and your spouse file separate returns and live together at any time during the taxable year, the deductible amount of your contribution phases out between \$0 and \$10,000 of adjusted gross income.

If you and your spouse file a joint tax return or file separate returns and live together at any time during the taxable year, and your spouse is an active participant in a retirement plan during the year but you are not, you may make contributions to your IRA which may or may not be tax deductible, depending on your income level. Generally, you may deduct your entire contribution if your adjusted gross income does not exceed \$150,000. You may deduct a portion of your contribution if your adjusted gross income is less than \$160,000.

If you and your spouse file separate returns and live apart at all times during the taxable year, your spouse’s active participation in a retirement plan does not affect the deductibility of your IRA contribution.

You are responsible for keeping track of whether or not your IRA contributions each year are deductible, and you are required to report your deductible and your nondeductible contributions to the Internal Revenue Service as part of your tax return each year. You do not have to figure out how much of your IRA contribution is deductible until you fill out your tax return.

(c) *Active Participant Status.* You are considered an “active participant” in a retirement plan for a year if your employer or union has a retirement plan under which money is added to your account or you are eligible to earn retirement credits such as a pension plan, a profit-sharing plan, certain government plans, a salary reduction arrangement (such as a tax-sheltered annuity or a 401(k) plan), or a simplified employee pension plan. You are an active participant in a retirement plan even if your benefits under the plan are not vested. Also, if you make any contributions of your own to one of the plans described above, you are considered an “active participant.” The Form W-2 that you receive from your employer each year should indicate whether or not you are an active participant in a retirement plan.

(d) *Excess Contributions.* Contributions that exceed the maximum permitted by the Internal Revenue Code are subject to a nondeductible cumulative penalty tax of 6% of the amount of such excess. This penalty tax is not only for the year in which the excess contribution is made; it also attaches for each following year until corrected either by withdrawal from the IRA or, in years subsequent to the year in which the initial penalty tax is imposed, by foregoing IRA contributions up to the limitations permissible at that time. A contribution made at a time when you are not eligible to make such contribution is also deemed an excess contribution. The 6% penalty tax may be avoided completely if the excess contribution plus any earnings attributed to it are withdrawn prior to the due date for filing your federal income tax return, including extensions.

(e) *Spousal Contributions.* The Internal Revenue Code authorizes a combined contribution to all of your IRAs (including both standard IRAs and Roth IRAs) and those that are set up for your spouse if your spouse has lower or no compensation during the taxable year. The annual maximum combined contribution is the lesser of twice the annual maximum contribution amount or 100% of the compensation includible in the spouses’ combined taxable income for the

(3) Similarly, the assets of your IRA established at Bear Stearns may be rolled over tax free into another IRA or converted to a tax-qualified individual retirement annuity as provided by federal tax law.

(4) Adjusted gross income includes any deductible IRA contributions made for the taxable year.

year. An additional “catch-up” contribution may also be made for each spouse who qualifies. No more than the annual maximum contribution amount, and, if applicable, the “catch-up” contribution amount may be contributed to either IRA. For 2005, the maximum combined contribution is the lesser of \$8,000 if neither spouse is age 50 or older, \$8,500 if only one spouse is age 50 or older, or \$9,000 if both spouses are age 50 or older.

No deductible contribution is allowed for the taxable year during which the taxpayer and/or the nonworking spouse attain age 70½ or for any subsequent taxable years. If, however, the nonworking spouse reaches age 70½ during a taxable year that is earlier than the one in which the taxpayer reaches that age, the taxpayer may continue to contribute (and, subject to the applicable limitations, deduct) 100% of compensation, up to the annual maximum contribution amount, to the taxpayer’s IRA on a deductible basis. Similarly, if the taxpayer reaches age 70½ during a taxable year that is earlier than the year in which his or her nonworking spouse reaches that age, contributions up to the annual maximum contribution amount/100% limitation may continue to be made by the taxpayer to the spousal IRA on a deductible basis.

Joint ownership of the individual or spousal IRA is prohibited. However, each spouse may have, if designated, a right of survivorship in the IRA of the other.

The receipt of compensation by the taxpayer’s spouse does not mean that the couple is excluded from an IRA program for the taxable year. Each member of a working couple can make contributions to his or her own IRA. Of course, each of them must meet the requirements of the Internal Revenue Code individually, and contributions by each to his or her own IRA are limited to the lesser of 100% of compensation or the annual maximum contribution amount. Earnings of each separate IRA shall be credited to said IRA.

(f) *Deadline for Contributions.* In order to count as a contribution (and, if applicable, to obtain a deduction) for the prior calendar year, an IRA may be established and a contribution made up to the due date for filing your federal income tax return, without regard to any extensions (generally, April 15). The Internal Revenue Service, however, has ruled that an individual may file a tax return before the due date claiming a deduction for an IRA contribution that has not yet been made so long as the contribution is made by the due date for filing the federal income tax return, without regard to any extensions.

(g) *Contributions to Another IRA.* The maximum amount that you can contribute to a Bear Stearns IRA for a tax year is reduced by any contributions that you make to another IRA, including a Roth IRA.

(h) *Tax Credit for Contributions.* For the 2005 and 2006 tax years, you may be eligible to receive a tax credit on your IRA contributions equaling a percentage of your qualified retirement savings contributions not exceeding \$2,000. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are (i) age 18 or older as of the close of the taxable year, (ii) not a dependent of another taxpayer, and (iii) not a full time student.

The credit is based upon your income (see chart below) and will range from 0% to 50% of eligible contributions. In order to determine the amount of your qualified retirement savings contributions, add the contributions made to all of your IRAs (including both standard IRAs and Roth IRAs) and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.

		Adjusted Gross Income*				Applicable Percentage
Joint Return		Head of a Household		All Other Cases		
Over	Not Over	Over	Not Over	Over	Not Over	
	\$30,000		\$22,500		\$15,000	50
\$30,000	\$32,500	\$22,500	\$24,375	\$15,000	\$16,250	20
\$32,500	\$50,000	\$24,375	\$37,500	\$16,250	\$25,000	10
\$50,000		\$37,500		\$25,000		0

*Adjusted gross income includes foreign earned income and income from Guam, American Samoa, North Mariana Islands and income from Puerto Rico in excess of \$50,000.

5. Rollover IRAs

(a) *General Rule.* A “rollover” is a deposit (including in certain cases, by direct rollover) by you of cash or other assets distributed from a tax-qualified retirement plan or IRA into another tax-qualified plan or IRA without subjecting you to any current tax on the distribution. However, unless you meet requirements for a “direct rollover,” a portion of a distribution from a qualified retirement plan may be subject to 20% mandatory federal income tax withholding. A rollover contribution to an IRA is not subject to the annual contribution limitations, but you may not deduct such rollover contribution on your federal income tax return. Once deposited in the IRA, a rollover contribution is subject to the usual rules governing IRAs. The following requirements must be satisfied to qualify the rollover for tax-free treatment: (1) the rollover must be made within 60 days after you have received the distribution and (2) if the distribution includes property, you must roll over the same property (or, in the case of a distribution from an employer plan, the proceeds from any sale of such property) to the IRA.

(b) *Rollover from One IRA to Another IRA.* You may withdraw all or part of the balance of an IRA without tax or penalty, and recontribute all of the amount withdrawn to another IRA. Any portion retained generally will be treated as a premature distribution if you have not attained age 59½. Such distribution will be includible in your gross income and will be subject to the 10% additional income tax for premature distributions. IRA to IRA rollovers are permitted only once in a specified period of 12 months.

(c) *Rollover from a Qualified Employer Plan or an Annuity Plan to an IRA.* Generally, you may roll over part or all of a distribution received from an employer’s qualified retirement plan. A rollover to an IRA may be made directly (“direct rollover”) from a qualified retirement plan or after distribution to you. The advantage of making a direct rollover is that the distribution is not subject to 20% mandatory federal income tax withholding. If the distribution is made to you, it is subject to 20% mandatory withholding, although you may roll over other money to replace the 20% that was withheld. You should consult your legal or tax advisor if you have any questions regarding direct rollovers. The following distributions are not eligible for rollover contributions: (1) minimum required distributions (after you reach age 70½); and (2) equal or substantially equal payments made at least annually over your life (or life expectancy), your life and your designated beneficiary’s life (or life expectancies) or over a period of 10 or more years. In addition, you must comply with the general requirements discussed in (a) above.

(d) *Subsequent Rollovers.* If a distribution from your employer’s qualified retirement plan was transferred to the IRA, you may later roll over these assets into a new employer’s tax-qualified plan. Your IRA may serve as a holding area or conduit for those assets. For example, if you are unable to make the rollover to a new qualified plan within 60 days, you may use the IRA as a depository for those assets.

(e) *Inherited IRAs.* IRA distributions received by a beneficiary, other than a surviving spouse, cannot be rolled over to another IRA or a tax-qualified plan.

(f) *Acceptance of Rollover Assets.* Bear, Stearns Securities Corp. will accept assets other than cash resulting from a rollover only if such assets are compatible with Bear, Stearns Securities Corp.’s administrative or operational requirements and regular business practices.

6. Transfer of Your IRA

You may generally direct the transfer of the funds in your IRA from one IRA trustee or custodian to another. These are sometimes referred to as trustee-to-trustee transfers. This type of transfer is not a rollover since none of the assets are distributed to you and, therefore, it is not subject to the rules governing rollovers. For instance, more than one such transfer can be made during any calendar year. Since you do not receive any of your IRA funds, you do not have to report trustee-to-trustee transfers on your federal income tax return. You may also transfer assets from your IRA to a tax-qualified individual retirement annuity (other than an endowment contract). Bear, Stearns Securities Corp. will accept assets other than cash resulting from a transfer only if such assets are compatible with Bear, Stearns Securities Corp.’s administrative or operational requirements and regular business practices.

7. Distributions

(a) *In General.* You may request that all or part of your IRA funds be paid to you at any time. Any amount paid to you or your beneficiaries is called a distribution. In general, distributions must be included as ordinary income in your gross income on your tax return in the year you receive them. However, if you made nondeductible contributions to this (or any other) IRA, a portion of each distribution will be considered a nontaxable refund of those contributions.

Distributions from an IRA are not eligible for either capital gains treatment or the special averaging treatment available for certain lump-sum distributions from employer qualified plans.

(b) *Distributions Before Age 59½.* Your IRA is intended to be used as a savings program for your retirement. To discourage distributions before you reach age 59½, the tax law imposes a penalty tax for such distributions. The additional penalty tax is 10% of the amount withdrawn. This penalty tax does not apply to distributions rolled over to a tax-qualified plan, an annuity or another IRA, to a distribution payable as a result of your death or disability, to a distribution that does not exceed the amount of your deductible medical expenses for the year, to a distribution made after you receive unemployment compensation for 12 consecutive weeks and that you use to pay medical insurance premiums, to a distribution that you use to pay higher education expenses, to a distribution that you use for a first-time home purchase (subject to a lifetime maximum of \$10,000), or to distributions paid in substantially equal periodic payments at least annually and made over your (and your beneficiaries') life expectancy(ies) or life(ves).

A distribution of any excess contribution made during a taxable year is not subject to the additional income tax to the extent that such contribution exceeds the amount of the allowable deduction, if: (1) the excess is distributed to you on or before the due date for filing your federal income tax return, including extensions, (2) no income tax deduction has been allowed for the excess contribution, and (3) the distribution includes any net income attributable to the excess contribution. However, earnings on the excess contribution are includible in your taxable income for the year in which the excess contribution is made and are subject to the 10% penalty tax on premature distributions.

If the time for filing your federal income tax return, including extensions, has passed, an individual can still withdraw any excess contribution without incurring the 10% additional income tax and without being required to include the excess contribution in his or her gross income, provided that the total contributions for the tax year do not exceed the annual maximum contribution amount and no deduction was allowed for the excess contribution. Under these circumstances, the individual would not have to withdraw any earnings attributable to the excess contribution. The individual, however, would be liable for the payment of a 6% nondeductible cumulative penalty tax on excess contributions until the excess is withdrawn or eliminated.

(c) *Distributions After Age 59½.* You may receive distributions from your IRA between the ages of 59½ and 70½ in such amounts as you choose. However, by the end of the tax year in which you reach age 70½, you must begin to withdraw funds from your IRA (although the distribution for the year in which you reach 70½ can be postponed until the next April 1). You may take distributions in cash over your life and the life of a designated beneficiary, or over a period that is not longer than your life expectancy or your life expectancy combined with that of your designated beneficiary. The Internal Revenue Code provides for a 50% penalty tax on any required amount not distributed after age 70½. In certain cases, however, the Internal Revenue Service may waive the application of the penalty tax.

(d) *Required Distributions.* You are required to take minimum distributions from your IRA at certain times in accordance with the Code and Treasury Regulations. The Custodian reserves the right to calculate your required minimum distribution based upon the Uniform Lifetime Table found in Treasury Regulation section 1.401(a)(9)-9. However, the Custodian will make distributions to you or your designated beneficiary or beneficiaries only upon specific instructions to do so.

1. You are required to take a minimum distribution from your IRA by April 1 of the calendar year following the year in which you attain the age of 70½ and by the end of each year thereafter. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year (less any required distribution taken between January 1 and April 1 of the year following the year you attain the age of 70½) by the applicable divisor.
2. The applicable divisor is generally determined using the Uniform Lifetime Table as set forth in Treasury Regulation section 1.401(a)(9)-9 or other applicable IRS publications. The Uniform Lifetime Table assumes that you have a designated beneficiary (regardless of whether you have named a beneficiary) and that your designated beneficiary is exactly ten years younger than you, regardless of the actual age of your named beneficiary. However, if your spouse is your sole des-

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ignated beneficiary and is more than ten years younger than you, the required minimum distribution must be calculated using the actual joint life expectancy of you and your spouse rather than the life expectancy divisor from the Uniform Lifetime Table.

3. If you or your designated beneficiary fails to take a minimum required distribution, you or your designated beneficiary may be subject to a 50% penalty tax on the required amount that was not distributed.

(e) *Distributions After Death.* If you die on or after April 1 of the year after you attain age 70½, the amount remaining in your IRA will be distributed to your designated beneficiary over the life expectancy of such designated beneficiary or over your remaining life expectancy, whichever is longer. If you designate multiple beneficiaries, the amount remaining in your IRA will be distributed to your designated beneficiaries over the life expectancy of the oldest designated beneficiary.

In the event that distributions have not commenced and you die (or, in certain cases, if distribution has started and death occurs prior to April 1 of the year after you attain age 70½), the entire amount of your IRA must:

1. Be distributed in equal or substantially equal payments over the life of your designated beneficiary or over a period not extending beyond the life expectancy of your designated beneficiary. If you designate multiple beneficiaries, the amount remaining in your IRA will be distributed to your designated beneficiaries over the life expectancy of the oldest designated beneficiary.
2. At the election of the designated beneficiary, be distributed by December 31 of the fifth year following your death.
3. In the case of distribution under paragraph 1, distribution must commence by December 31 of the year following the year of your death. If your designated beneficiary is your surviving spouse, distribution is not required to begin until December 31 of the year you would have attained age 70½.

(f) *Penalty Tax on Taxable Distributions.* The taxable portion of a nonqualified distribution from your IRA is also subject to a 10% penalty tax. This penalty tax does not apply to a distribution payable as a result of your death or permanent disability, to a distribution that does not exceed the amount of your deductible medical expenses for the year, to a distribution made after you receive unemployment compensation for 12 consecutive weeks and that you use to pay medical insurance premiums, to a distribution that you use to pay for higher education expenses incurred by you or your spouse, child or grandchild, to a distribution that you use for a first-time home purchase (subject to a lifetime maximum of \$10,000), or to distributions paid in substantially equal periodic payments made (not less frequently than annually) over your (and your beneficiaries') life expectancy(ies) or life(ves).

A distribution of any excess contribution made during a taxable year is not subject to the additional 10% penalty tax if the excess is distributed to you on or before the due date for filing your federal income tax return, including extensions, and the distribution includes any earnings attributable to the excess contribution. However, earnings on the excess contribution are includible in your taxable income for the year in which the excess contribution is made and are subject to the 10% penalty tax on premature distributions (unless an exception applies).

(g) *Designation of Beneficiary or Beneficiaries.* The assets remaining in your IRA will be distributed upon your death to the designated beneficiary or beneficiaries named by you on record with the Custodian. Your designated beneficiary or beneficiaries may be confirmed to you periodically by the Custodian, and, upon your request may be changed by you in a form and manner acceptable to the Custodian. If there is no designated beneficiary for your IRA in the records of the Custodian, your IRA will be paid in the following order of preference: (a) to your surviving spouse, if any, or if none, (b) to your children, in equal shares per stirpes, or if none, (c) to your estate. Unless you designate otherwise, if a primary beneficiary you designated predeceases you, the shares for that deceased beneficiary will be divided equally among the surviving primary beneficiary or beneficiaries. If there is no primary beneficiary living at the time of your death, payment of your IRA will be made to the surviving contingent beneficiary or beneficiaries designated by you. Unless otherwise specified in your designation, if a beneficiary does not predecease you but dies before receiving his or her entire interest in the IRA, the remaining assets will be distributed to the beneficiary or beneficiaries designated by the deceased beneficiary. If there is no beneficiary designation of the deceased beneficiary on file with the Custodian, his or her remaining interest in the IRA will be paid to the survivors of the deceased beneficiary in the following order of preference: (a) the deceased beneficiary's surviving spouse, if any, and if none, (b) the deceased beneficiary's estate. For the rules governing mandatory distributions see paragraph 7(e) of this Disclosure Statement.

(h) *Withholding on Distributions.* Distributions from your IRA are subject to the rules governing withholding of federal income taxes. As Custodian, Bear, Stearns Securities Corp. is required to withhold income taxes at the rate of 10% from taxable lump-sum distributions, unless you elect not to have these rules apply. If you take distributions from your IRA in the form of an annuity or other periodic form of distribution, the Custodian is generally required to withhold an amount based upon your marital status and the number of withholding allowances claimed on your Form W-4P, unless you elect not to have these rules apply. The Custodian will provide you with written notice and appropriate forms so that you may elect whether or not to have the withholding rules apply to your distributions. If you elect not to have tax withheld from your distributions, or if you do not have enough federal income tax withheld from your distributions, you may be responsible for payment of estimated taxes. You also may incur estimated tax penalties if your withholding and estimated tax payments are not sufficient.

(i) *Continuation of IRA by Spouse.* If upon your death your beneficiary is your surviving spouse, he or she may elect to treat the account as his or her own IRA, subject to the IRA distribution rules governing distributions to an IRA owner rather than distributions to the spouse as beneficiary of an IRA owner.

8. Using Your IRA as Security for a Loan

If you pledge all or a portion of the assets of your IRA as security for a loan, that part of the IRA assets pledged will be treated as a distribution and taxed accordingly.

9. Prohibited Transactions

An IRA can lose its exemption from federal income tax if the individual establishing the IRA or the beneficiary engages in so-called "prohibited transactions." Prohibited transactions include any direct or indirect:

- (a) Sale, exchange or lease of any property between the IRA and a disqualified person;
- (b) Lending of money or any extension of credit between the IRA and a disqualified person;
- (c) Furnishing of goods, services or facilities between the IRA and a disqualified person;
- (d) Transfer to, or use by or for the benefit of, a disqualified person of the income or asset of the IRA;
- (e) Act by a disqualified person who is a fiduciary whereby he or she deals with the income or assets of the IRA in his or her own interest or for his or her own account; and
- (f) Receipt of any consideration for the personal account of any disqualified person who is a fiduciary dealing with the IRA in connection with a transaction involving the income or assets of the IRA.

In general, the term "disqualified person" includes the individual establishing the IRA, any designated beneficiary of the IRA, and any person who is a fiduciary or who provides services to the IRA.

10. IRA Disqualification Penalties

If the IRA loses its tax exemption, the fair market value of the IRA's assets must be included in your gross income for the taxable year in which the loss of the exemption occurs. An additional income tax of 10% of the amount included in your gross income as a result of such loss of exemption may be imposed if the IRA is disqualified before you attain age 59½.

11. Investments

A Bear Stearns IRA is “self-directed,” which means that you are solely responsible for selecting the investments for your IRA and you provide your Account Executive or financial advisor with the instructions for implementing your investment decisions. This gives you flexibility in choosing your investment instruments. You can choose from a variety of equity and fixed income investments offered by, or available through, Bear Stearns, subject to any rules that Bear Stearns may establish. These investments include:

- Common stocks and/or preferred stocks;
- Interest-earning investments such as corporate bonds, Treasuries, GNMMAs and/or certificates of deposit.

Note that certain restrictions exist on the type of investments and transactions permissible for IRA funds. For example, no IRA funds may be used to purchase life insurance contracts or certain collectibles. Cash will not be held uninvested for a period that is longer than reasonably necessary to effect the cash sweep election that you have made or to implement any other investment transaction that you direct. IRA property will not be commingled with other property and will be clearly identified as yours. BEAR, STEARNS SECURITIES CORP. (OR ANY AFFILIATE) DOES NOT GUARANTEE OR PROJECT ANY INCREASE IN THE VALUE OF YOUR IRA.

12. Fees and Commissions

Bear, Stearns Securities Corp. currently charges an annual custodial account maintenance fee. This fee will be charged against the IRA unless you choose to pay the fee directly to the Custodian upon receipt of your annual bill. This fee may be changed from time to time by the Custodian on at least 90 days’ prior written notice to you. Brokerage commissions and other securities transaction-related charges attributable to the acquisition or disposition of IRA assets will be charged to the IRA. Dividends, interest or other income will be credited to the IRA and invested as you direct. Finally, a termination fee will be charged when your IRA is closed, along with the annual maintenance fee. Upon account termination, applicable fees will be automatically charged against your IRA at that time. Specific fee details are provided in the Bear Stearns IRA Account Application (enclosed).

Bear Stearns receives payments or other remuneration from the advisers, distributors or other affiliates of certain of the mutual funds available through Bear Stearns. Such payments or remuneration are for administrative, technological or other services provided in connection with fund accounts and are generally calculated based on the amount of assets held in the accounts. Such payments or other remuneration are in addition to shareholder servicing and distribution fees that Bear Stearns may receive. Funds whose affiliates do not make payments to Bear Stearns, including funds that may pay a higher or lower return, may be available to you.

13. Estate Taxes

Distributions under an IRA to your beneficiary do not qualify for exemption from federal estate taxes. However, amounts payable to your spouse as beneficiary of your IRA may be deductible for estate tax purposes.

14. SEPs

If your employer has established a Simplified Employee Pension plan (SEP) under section 408(k) of the Internal Revenue Code, annual contributions of up to the lesser of \$42,000 or 25% of your compensation (or such other amount as provided by law) may be made by your employer on your behalf to a SEP IRA. These SEP contributions do not affect your regular IRA contribution limits (but can affect the amount of your IRA deduction limit). If your employer makes an excess SEP contribution, special rules govern how to correct the excess in order to avoid the penalty taxes discussed above.

15. Other Information

As Custodian, Bear, Stearns Securities Corp. will determine annually the fair market value of the assets in your IRA and send you a written notice of such valuation. Form 5329 [Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts] must be filed with your federal income tax return only if you owe any of the IRA penalty taxes.

The form of the Bear, Stearns Securities Corp. IRA is intended to meet the requirements of section 408 of the Internal Revenue Code. This intention, however, does not represent a determination of the IRA's investment merits. Bear Stearns does not provide legal or tax advice. Please consult with your own attorney or tax advisor.

Additional information about IRAs may be obtained from any District Office of the Internal Revenue Service. In particular, ask for Publication 590.

INSTRUCTIONS FOR OPENING AN IRA

An individual should consult with his or her attorney and/or tax advisor before completing the forms described below and in consideration of designating a beneficiary.

New Accounts

Complete and return the Bear Stearns IRA Application Form provided in this brochure. If transferring an IRA to Bear Stearns, complete an additional transfer form.⁽¹⁾

Change of Beneficiary

Complete where appropriate on the Bear Stearns IRA Application Form enclosed in this brochure.

IRA Application (enclosed)

Item 1

Please provide all of the information requested in this item.

Item 2a

If this is an initial contribution, fill out the amount of the contribution and the tax year for which it is being made; or

Item 2b

If applicable, check the appropriate box to indicate that the IRA is a Rollover or a Transfer. See page 12 of the IRA Disclosure Statement for an explanation of a rollover and a transfer; or

Item 2c

If applicable, check the appropriate box to indicate that the IRA is a SEP IRA. Please contact your Account Executive or financial advisor for information relating to the establishment of a SEP IRA.

Item 3

You must designate a beneficiary. Please provide all the information requested in this item.

Item 4

Complete the information if you elect to choose an additional primary beneficiary or contingent beneficiary.

Item 5

If you are completing this form in order to change the beneficiary listed in the original application on file at Bear Stearns, check the box and insert date of change.

Item 7

Please date and sign.

Return application and transfer form (if applicable) to your Account Executive or financial advisor. Do not return the custodian agreement, which is solely for your information. For additional information and/or forms, please contact your Account Executive or financial advisor.

(1) If you wish to transfer the cash or other assets in an existing IRA (or certain other retirement programs) from a current trustee or custodian directly to Bear Stearns, please also complete a Bear Stearns Transfer Form, available upon request from your Account Executive or financial advisor.

NOTE: THIS FORM NEED NOT BE COMPLETED.
THE IRA APPLICATION IS BEAR STEARNS' EVIDENCE OF OUR AGREEMENT.

IRS Form 5305-A
(Revised March 2002)

Bear Stearns IRA Account No. _____

***INDIVIDUAL RETIREMENT CUSTODIAL
ACCOUNT AGREEMENT***

(Under section 408(a) of the Internal Revenue Code)

Depositor's name: _____

Depositor's date of birth: _____

Depositor's Social Security Number: _____

Depositor's address: _____

Spouse's name (if spousal Roth IRA): _____

Custodian's name and address: Bear, Stearns Securities Corp.
 383 Madison Avenue
 New York, New York 10179

Check if amendment:

The Depositor whose name appears above is establishing an individual retirement account ("IRA") under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian named above has given the Depositor the disclosure statement required under Regulations section 1.408-6.

The Depositor has assigned the custodial account _____ dollars (\$ _____) in cash.

CUSTODIAL AGREEMENT

The Depositor and the Custodian make the following agreement:

Article I

The Custodian may accept additional cash contributions on behalf of the Depositor. The total cash contributions are limited to \$3,000⁽¹⁾ for tax years of the Depositor beginning in 2002 through 2004 unless the contribution is a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3) or 457(e)(16) of the Code, an employer contribution to a simplified employee pension plan as described in section 408(k) of the Code, or a recharacterization contribution described in section 408A(d)(6) of the Code. The contribution limit is increased to \$4,000 for tax years of the Depositor beginning in 2005 through 2007 and to \$5,000 for each tax year of the Depositor beginning in 2008. If the Depositor reaches age 50 before the close of the tax year, the contribution limit is increased to \$3,500 for each tax year of the Depositor beginning in 2002 through 2004, \$4,500 for the tax year beginning in 2005, \$5,000 for the tax years beginning in 2006 and 2007, and \$6,000 for each tax year of the Depositor beginning in 2008. For tax years beginning after 2008, the above contribution limits will be increased to reflect a cost of living adjustment, if any.

Article II

The Depositor's interest in the balance in the custodial account is nonforfeitable.

Article III

1. No part of the custodial funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5) of the Code).
2. No part of the custodial funds may be invested in collectibles (within the meaning of section 408(m) of the Code), except as otherwise permitted by section 408(m)(3) of the Code, which provides for an exception for certain gold, silver and platinum coins, coins issued under the laws of any state, and certain bullion.

Article IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the Depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) of the Code and Treasury Regulations section 1.408-8, the provisions of which are incorporated by reference.
2. The Depositor's entire interest in the custodial account must be, or begin to be, distributed by the Depositor's required beginning date (April 1 following the calendar year in which the Depositor reaches age 70½). By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the custodial account distributed in:
 - (a) A single lump-sum payment, or
 - (b) Equal or substantially equal annual payments over a specified period that may not be longer than the life of the Depositor or the joint lives of the Depositor and his or her Designated Beneficiary.

(1) A combined contribution of the lesser of 100% of the spouses' combined compensation or twice the annual contribution amount is permitted if an IRA is established for a nonworking or lower paid spouse, as long as a joint return is filed and not more than the annual contribution amount is deposited in either account. An additional "catch-up" contribution may also be deposited for each spouse who qualifies.

3. If the Depositor dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows:

(a) If the Depositor dies on or after the required beginning date and:

(i) the Designated Beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until the surviving spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the surviving spouse's death will be distributed over the surviving spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

(ii) the Designated Beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the Designated Beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

(iii) there is no Designated Beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by 1 for each subsequent year.

(b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no Designated Beneficiary, in accordance with (ii) below:

(i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the Designated Beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's Designated Beneficiary's life expectancy, or in accordance with (ii) below if there is no such Designated Beneficiary.

(ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.

(c) If the Depositor dies before his or her entire interest has been distributed and if the Designated Beneficiary is not the surviving spouse, no additional cash contributions or rollover contributions may be accepted in the account.

4. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:

(a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½, is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the Uniform Lifetime Table in Regulations section 1.401(a)(9)-9. However, if the Depositor's Designated Beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the Joint and Last Survivor Table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Depositor's (or, if

CUSTODIAL AGREEMENT

applicable, the Depositor's and spouse's) attained age (or ages) in the year.

(b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the Single Life Table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).

(c) The required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

5. The owner of two or more individual retirement accounts may use the "alternative method" described in Notice 88-38, 1988-1 CB 524, to satisfy the minimum distribution requirements described above. This method permits an individual to satisfy these requirements by taking from one individual retirement account the amount required to satisfy the requirement for another.

Article V

1. The Depositor agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required under section 408(i) of the Code and Regulations sections 1.408-5 and 1.408-6.
2. The Custodian agrees to submit to the Internal Revenue Service and the Depositor reports prescribed by the Internal Revenue Service.

Article VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles that are not consistent with section 408(a) of the Code and the related regulations will be invalid.

Article VII

This agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of the persons whose signatures appear below.

Article VIII

Excess Contributions

1. The Depositor is responsible for the determination of any excess contributions and the timely withdrawal thereof.
2. If the Internal Revenue Service or the Depositor notifies the Custodian in writing that the contributions to the IRA have exceeded the contribution limitations described above in Article I, the Custodian shall, within two (2) months from the date of such written notification, distribute from the IRA to the Depositor the amount of such excess contribution and any income attributable thereto. The Depositor may, within forty-five (45) days from the date of his or her notice, revoke such notice in writing if the Internal Revenue Service has not notified the Custodian of its determination that the excess contribution was willfully made by the Depositor. The Custodian, at the request of the Depositor, may credit, as a contribution for the current taxable year, the amount shown in the notice of the Depositor revoking his or her prior notification.

3. If the Internal Revenue Service deems that any excess contribution to the IRA was willfully made by, or on behalf of, the Depositor, the assets of the IRA shall be distributed to the Depositor with notification that the Custodian will not accept any contribution for the IRA of the Depositor for the year in which the Internal Revenue Service determination was made and for five (5) succeeding years.

Rollover Contributions

1. If directed by the Depositor, the Custodian shall open and maintain a separate account for each rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3) or 457(e)(16) of the Code.

2. If a Depositor desires to roll over or have transferred to his or her IRA assets other than cash, the Custodian shall accept such assets only if they are compatible with the Custodian's administrative or operational requirements and regular business practices. The Custodian agrees to follow the Depositor's instructions to sell such assets.

Investments

1. Each contribution to the Depositor's custodial account shall be invested as the Depositor directs the Custodian and any assets acquired pursuant to such directions shall be credited to the IRA. The Depositor shall limit his or her investment instructions to securities obtainable through the Custodian. The Custodian shall under no circumstances invest any amount in the Depositor's custodial account in the absence of instructions from the Depositor.

2. The selection of investments for the Depositor's custodial account shall be made solely by the Depositor. The Custodian shall not be under any duty to question any direction of the Depositor with respect to investments, to review any securities or other property held in the Depositor's custodial account, or to make suggestions to the Depositor with respect to investments. The Custodian will not be liable for any loss that may result by reason of investments made by it in accordance with the directions of the Depositor. Unless the Custodian and the Depositor enter into a written agreement providing otherwise, the Custodian and any person providing services to the Depositor's custodial account on behalf of the Custodian will not provide investment advice as defined in Internal Revenue Regulation 54-4975.9 and will have no discretionary authority or responsibility with respect to the management or administration of the custodial account.

3. An individual may place each contribution in one or more of the investment alternatives offered by the Custodian for individual retirement accounts, subject to any rules the Custodian may reasonably establish. The Custodian may at any time require liquidation of any asset held in the custodial account if the Custodian determines that maintaining custody of any such asset is no longer compatible with the Custodian's administrative or operational requirements and regular business practices. The assets of the custodial account will not be commingled with other property except in a common trust fund or a common investment fund.

4. All proxy and solicitation materials, notices of shareholders' meetings, current prospectus and other annual or regular shareholder reports shall, to the extent furnished to the Custodian by the issuers of the securities in the IRA, be sent by the Custodian to the Depositor. The Custodian is expressly precluded from taking any action or rendering any advice to the Depositor with respect to the voting of proxies. The Depositor expressly retains the authority and responsibility with respect to voting proxies or will delegate discretion with respect to voting proxies to a third party.

5. Confirmation will be sent by the Custodian to the Depositor concerning each transaction or distribution of benefits in the IRA.

6. Interest, dividends and other income from the assets in the Depositor's custodial account shall be credited to such account and will be reinvested as the Depositor directs the Custodian. Funds not otherwise invested or reinvested may be held in cash.

7. Securities shall be held without qualification or description in the name of any nominee of the Custodian whenever it is practicable to do so or, if not, in safekeeping for the Depositor's custodial account.

8. After the Depositor's death, the Depositor's Beneficiary shall be considered the Depositor for the purposes of custodial account investment matters.

9. *Investment Advisors.* Regardless of any other provision of this Agreement to the contrary, the Depositor may also appoint an investment advisor or other person to act as the Depositor's representative with authority to direct the Custodian with respect to the investment of assets in the custodial account. The appointment, however, will be effective only if (a) the Custodian has received an executed copy of an agreement between the Depositor and the representative in a form and manner acceptable to the Custodian which specifies the authority of the representative to act on behalf of the Depositor and (b) the Custodian does not object to acting on the directions of that person, which objection the Custodian may assert for any reason at any time. If the Depositor appoints a representative, as provided for above, references to the "Depositor" in the "Investments" section of this Agreement (other than in Section 8 and the last sentence of this Section 9) and Section 3 of the "Powers and Responsibilities of Custodian" section of this Agreement (insofar as pertinent to securities with respect to which the representative has investment authority) are also to that representative. The Depositor may revoke the authority of any representative at any time by notifying the Custodian in a form and manner acceptable to the Custodian, and the Custodian shall not be liable in any way for the transactions initiated prior to its receipt of such notice. However, all references in this Agreement to the individual whose custodial account is involved and to the making of contributions and the receipt of distributions are only to the Depositor.

Distributions

1. The Depositor may withdraw all or part of his or her custodial account at any time by providing directions to the Custodian in a form and manner provided by or acceptable to the Custodian for withdrawal of such assets, and the Custodian agrees to distribute promptly such assets in accordance with the directions of the Depositor.

2. *Required Distributions.* The Custodian, shall, if requested by the Depositor, be responsible for computing the required minimum distribution amount in accordance with Article IV of the Plan, and for notifying the Depositor accordingly. The Depositor shall be responsible for causing the required minimum distribution amount to be withdrawn from his or her custodial account each year. Notwithstanding anything in Article IV to the contrary, the Custodian shall not, without the consent of the Depositor, distribute the value of the IRA where the Depositor fails to choose any method of distribution by April 1st of the year following the year the Depositor reaches age 70½.

3. *Beneficiaries.* Following the death of the Depositor, the balance of the Depositor's custodial account shall be distributed to the Depositor's designated beneficiary or beneficiaries, if any, in accordance with the provisions of Article IV of the Plan and in accordance with the Custodian's administrative or operational requirements and regular business practices. A Depositor may designate a beneficiary or beneficiaries of the custodial account at any time, and any such designation may be changed or revoked at any time, by written designation executed by the Depositor in a form and manner prescribed by or acceptable to, and filed with, the Custodian. Such designation, change or revocation shall be effective only upon receipt by the Custodian and only if such receipt shall be during the Depositor's lifetime. The latest such designation, change or revocation shall control. If there is no beneficiary designation on file with the Custodian, or if the designated beneficiary has not survived the Depositor, the Custodian shall distribute the custo-

dial account to the survivors of the Depositor in the following order of preference:

- a) the Depositor's surviving spouse, if any,
- b) the Depositor's children, if any, in equal shares per stirpes, and
- c) the Depositor's estate.

If the Depositor designates more than one primary or contingent beneficiary but does not specify the percentages to which such beneficiary or beneficiaries are entitled, payment will be made to the surviving beneficiary or beneficiaries in equal shares. Unless otherwise designated by the Depositor in a form and manner acceptable to the Custodian, if there is no primary beneficiary or beneficiaries living at the time of the Depositor's death, payment of the Depositor's account upon his or her death will be made to the surviving contingent beneficiary or beneficiaries designated by the Depositor. Unless otherwise specified in the Depositor's Designation of Beneficiary, if a designated beneficiary does not predecease the Depositor but dies before receiving his or her entire interest in the custodial account, his or her remaining interest in the custodial account shall be paid to the beneficiary or beneficiaries designated by the deceased beneficiary. If there is no beneficiary designation of the deceased beneficiary on file with the Custodian, the Custodian shall distribute the custodial account to the survivors of the deceased beneficiary in the following order of preference:

- (a) the deceased beneficiary's surviving spouse, if any, and
- (b) the deceased beneficiary's estate.

If the Custodian is unable to make a distribution to a Depositor, a beneficiary, or other distributee because the Custodian cannot ascertain such distributee's whereabouts by writing to the last known mailing address shown on the Custodian's records, if any, the Custodian may hold the proceeds in a non-interest-bearing account until such funds escheat by operation of law. The beneficiary or beneficiaries are responsible to ensure that distributions are made in accordance with the provisions of Article IV of the Plan.

4. *Liability.* The Custodian shall not be responsible for the purpose, sufficiency or propriety of any distribution. The Custodian is only authorized to make distributions in accordance with instructions of the Depositor, or after his or her death, the Depositor's Beneficiary, or as otherwise provided for in this Agreement. Such instructions must be given in a form and manner acceptable to the Custodian.

Liability and Indemnification of Custodian

The Depositor agrees to indemnify fully the Custodian for any liability arising whatsoever in connection with the operation of the IRA, except that such indemnification shall not apply to any liability arising from a breach of the Custodian's obligations as set forth in this agreement or as otherwise provided by law. The Depositor shall furnish the Custodian with written instructions. The Custodian shall be fully protected in acting upon any instrument, certificate, or other paper believed by it to be genuine and to be properly executed, and the Custodian shall be under no duty to make any inquiry as to any statement contained in any such document but may accept the document as conclusive evidence of the accuracy of such statement.

Custodial Fees

1. The Custodian's annual maintenance fee shall be charged to each IRA unless the Depositor chooses to pay the fee directly to the Custodian upon receipt of an annual bill. The Custodian reserves the right to modify the annual fee on at least 90 days' written notice to the Depositor. The Depositor shall be deemed to have consented to such modification upon the failure of the Depositor to furnish the Custodian, within 30 days of such notice, in a form and manner acceptable to the Custodian, instructions to terminate the IRA. Any administrative expenses, including fees for legal and/or

accounting services, incurred by the Custodian at the request of or necessitated by the actions of a Depositor or Beneficiary, including, but not by way of limitation, the direction of investment or custodial account assets in an investment that causes the custodial account to realize unrelated business taxable income within the meaning of section 512 of the Code, that are over and above the services set forth in the Custodian's fee schedule shall be paid by the Depositor, and the Depositor hereby covenants and agrees to pay the same. Fees or other administrative expenses not paid by the Depositor directly to the Custodian when due may be charged to the custodial account. The Custodian reserves the right to liquidate any assets of the custodial account to collect any charge for which payment may at any time be past due. Finally, a termination fee, along with the annual maintenance fee, will be automatically charged to each IRA at the time the Depositor terminates the IRA. Specific fee details are provided in the Bear Stearns IRA Application.

2. *Taxes.* Any taxes of any kind whatsoever that may be levied or assessed upon any custodial account or that the Custodian may otherwise be charged with the responsibility of collecting shall be paid from the assets of the custodial account involved.

Brokerage Commissions

The IRA will be charged brokerage commissions and other securities transaction-related charges for the transactions in the custodial account.

Powers and Responsibilities of Custodian

1. *In General.* The Custodian acts only as a passive Custodian and shall have only such powers and responsibilities with respect to the custodial account as are set forth in this Agreement.

2. *Instructions.* Any instructions required in this Agreement must be in the form acceptable to the Custodian. The Custodian shall be fully protected in acting upon any instruction from the Depositor that is in the form and manner prescribed by and/or acceptable to the Custodian, or any other notice, request, consent, certificate or other instrument or paper believed by it to be genuine or properly executed, or to take or omit any action, so long as the Custodian acts in good faith.

3. *Investment Instructions.* Investment instructions of the Depositor shall be accepted by the Custodian in accordance with its established customs and procedures. The Custodian shall not be liable for holding all or part of the custodial account uninvested in cash in the absence of any investment instructions from the Depositor or the Depositor's legal representative. In general, all transactions directed by the Depositor shall be subject to the rules, regulations, customs and usages of the exchanges, market or clearinghouse where made, applicable federal and state laws, and policies and procedures of the Custodian.

4. *Records.* The Custodian shall keep accurate records of all receipts, investments, distributions, disbursements, and other transactions with respect to the custodial account. Separate records will be maintained for the interest of each Depositor.

5. *Right to Request Judicial Assistance.* The Custodian shall have the right at any time to apply to a court of competent jurisdiction for judicial settlement of its accounts or for determination of any questions of construction, which may arise, or for instructions. The only necessary party defendant to any such action shall be the Depositor, but the Custodian may join any other person or persons as a party defendant. The cost, including attorney's fees, of any such proceeding shall be charged as an administrative expense under Article VIII, "Custodial Fees" section, of this Agreement.

6. *Scope of Custodian's Liability.* The Custodian shall not be liable for any loss of any kind which may result from any action taken by it in accordance with the directions of the Depositor or his or her designated agent or attorney in fact or from any failure to act because of the absence of any such directions. The Custodian shall not be responsible for determining whether any contribution or rollover contribution satisfies the requirements of the Code. The Custodian shall not be

liable for any taxes (or interest thereon) or penalties incurred by the Depositor in connection with any custodial account or in connection with any contribution to or distribution from the custodial account. The Custodian is entitled to act upon any instrument, certificate, or form it believes is genuine and believes is executed or presented by the proper person or persons, and the Custodian need not investigate or inquire as to any statement contained in such document but may accept it as true and accurate. The Custodian is not liable for any losses directly or indirectly caused by acts of war, acts of terrorism, labor disputes, exchange or market decisions including the suspension of trading, market volatility, trade volume, or by government restriction. The Depositor shall duly indemnify and hold harmless the Custodian from any liability which may arise hereunder except liability arising from the gross negligence or willful misconduct of the Custodian.

Termination

The IRA may be terminated:

- (a) by either the Custodian or the Depositor upon thirty (30) days' written notice to the other party;
- (b) upon the death of the Depositor; or
- (c) for failure of the IRA to maintain its status under section 408 of the Code.

Transfer and Distribution Procedures

In the case of resignation or removal of the Custodian, the Depositor shall appoint a successor custodian or trustee which successor shall be a "bank" as defined in section 408(n) of the Code or such other person authorized by the Secretary of the Treasury or his or her delegate to act in such capacity. The Custodian shall transfer to the successor all IRA assets and pertinent records upon receipt by the Custodian of the successor custodian's or trustee's acceptance of such appointment in a form and manner acceptable to the Custodian. Upon termination, any securities in the IRA shall be transferred into the name of the successor custodian or trustee or into the name of the Depositor. The Depositor authorizes the Custodian to retain such sums as the Custodian may deem reasonably necessary for payment of all its fees, compensation, costs and any expenses, or for payment of any other liabilities which might constitute a charge to either the IRA or the Custodian. The balance of any such reserve remaining after the payment of the above items shall be paid to the successor trustee or custodian. The Custodian shall have the right to designate the successor custodian or trustee upon the failure of the Depositor to designate a successor custodian or trustee willing to accept such appointment within twenty (20) days after the resignation or removal of the Custodian. In the alternative, the Custodian may terminate the IRA and distribute its assets to the Depositor. The Custodian's liability shall cease upon completion of the transfer to the successor custodian or trustee, or upon completion of the termination distribution. Any taxes of any kind whatsoever, including transfer taxes, that may be levied or assessed upon or in respect to the IRA, except for taxes imposed by sections 4973, 4974 and 4975 of the Code, shall be paid from the assets of the IRA.

Notices

Notice shall be deemed effective if sent by regular mail to the Depositor or the Depositor's beneficiaries at the last address shown on the records of the Custodian. The last address of the Depositor on the records of the Custodian will be the address used for any tax withholding, disbursement and reporting required by taxing authorities. The Depositor shall promptly notify the Custodian in writing of any change in his or her name or address.

CUSTODIAL AGREEMENT

Spousal Accounts

1. The terms of this Agreement shall also apply to an IRA established by the Depositor for his or her spouse.
2. No contributions may be made to a spousal IRA unless the compensation received by the Depositor's spouse for services rendered during the taxable year is less than the compensation received by the Depositor or the Depositor's spouse elects to have compensation disregarded for IRA purposes.

Amendments to this Agreement

The Custodian shall have the right to amend any part of this Agreement and the terms and conditions of the IRA upon 90 days' written notice to the Depositor. The Depositor shall be deemed to have consented to any such amendment upon the failure of the Depositor to furnish the Custodian, within 30 days of such notice, with instructions in a form and manner acceptable to the Custodian to terminate the IRA maintained with the Custodian. Anything contained herein to the contrary notwithstanding, the Custodian shall have the right to amend this Agreement retroactively or otherwise (and without advance notice to the Depositor) to the extent such amendment is required to preserve the IRA's status as such under section 408 of the Code.

IRS Approval as to Form

This IRA Custodial Agreement has been approved by the Internal Revenue Service as to form. This is not an endorsement of the plan in operation or of the investment offered.

Miscellaneous

1. Notwithstanding any other provision of this Agreement, the Custodian, the Depositor and all other persons and institutions are prohibited from directly or indirectly engaging in any transaction prohibited by section 4975 of the Code.
2. The terms and conditions of this IRA shall be applicable without regard to the community property laws of any state.
3. All contributions to the IRA shall be deemed to take place in the State of New York.
4. This Agreement shall be construed, administered and enforced according to the laws of the State of New York except to the extent preempted by federal law.
5. THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE. BY SIGNING AN ARBITRATION AGREEMENT, THE PARTIES AGREE AS FOLLOWS:
 - ALL PARTIES TO THIS AGREEMENT ARE GIVING UP THE RIGHT TO SUE EACH OTHER IN COURT, INCLUDING THE RIGHT TO A TRIAL BY JURY, EXCEPT AS PROVIDED BY THE RULES OF THE ARBITRATION FORUM IN WHICH A CLAIM IS FILED.
 - ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
 - THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.
 - THE ARBITRATORS DO NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD.

- THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.
- THE RULES OF SOME ARBITRATION FORUMS MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION. IN SOME CASES, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.
- THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.
- NO PERSON SHALL BRING A PUTATIVE OR CERTIFIED CLASS ACTION TO ARBITRATION, NOR SEEK TO ENFORCE ANY PRE-DISPUTE ARBITRATION AGREEMENT AGAINST ANY PERSON WHO HAS INITIATED IN COURT A PUTATIVE CLASS ACTION OR WHO IS A MEMBER OF A PUTATIVE CLASS WHO HAS NOT OPTED OUT OF THE CLASS WITH RESPECT TO ANY CLAIMS ENCOMPASSED BY THE PUTATIVE CLASS ACTION UNTIL:
 - (i) THE CLASS CERTIFICATION IS DENIED;
 - (ii) THE CLASS IS DECERTIFIED; OR
 - (iii) THE CUSTOMER IS EXCLUDED FROM THE CLASS BY THE COURT. SUCH FORBEARANCE TO ENFORCE AN AGREEMENT TO ARBITRATE SHALL NOT CONSTITUTE A WAIVER OF ANY RIGHTS UNDER THIS AGREEMENT EXCEPT TO THE EXTENT STATED HEREIN.
- BY SIGNING THIS AGREEMENT, YOU AND BEAR STEARNS AGREE THAT CONTROVERSIES ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY ACTIVITY BETWEEN YOU AND BEAR STEARNS, ITS PREDECESSORS, AND ANY OF THEIR RESPECTIVE SUCCESSORS, ASSIGNS, AND ANY OF THEIR DIRECTORS, EMPLOYEES, AND ANY OTHER CONTROL PERSONS AND ANY OF THEIR AGENTS, WHETHER ARISING PRIOR TO, ON OR SUBSEQUENT TO THE DATE HEREOF, SHALL BE DETERMINED BY ARBITRATION. ANY ARBITRATION UNDER THIS AGREEMENT SHALL BE HELD ONLY AT THE FACILITIES OF, BEFORE AN ARBITRATION PANEL APPOINTED BY, AND PURSUANT TO THE RULES OF THE NEW YORK STOCK EXCHANGE, INC., OR THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. YOU MAY ELECT ONE OF THE FOREGOING FORUMS FOR ARBITRATION, BUT IF YOU FAIL TO MAKE SUCH ELECTION BY REGISTERED MAIL OR TELEGRAM ADDRESSED TO BEAR, STEARNS SECURITIES CORP., 383 MADISON AVENUE, NEW YORK, NEW YORK 10179, ATTENTION: CHIEF LEGAL OFFICER (OR ANY OTHER ADDRESS OF WHICH YOU ARE ADVISED IN WRITING), BEFORE THE EXPIRATION OF TEN DAYS AFTER RECEIPT OF A WRITTEN REQUEST FROM BEAR STEARNS TO MAKE SUCH ELECTION, THEN BEAR STEARNS MAY MAKE SUCH ELECTION. THE AWARD OF THE ARBITRATORS, OR OF THE MAJORITY OF THEM, SHALL BE FINAL, AND JUDGMENT UPON THE AWARD RENDERED MAY BE ENTERED IN ANY COURT, STATE OR FEDERAL, HAVING JURISDICTION.

6. At the time of the creation of this IRA or subsequent thereto, at the sole discretion of the Custodian, the Depositor and the Custodian may add any provision that is not inconsistent with the applicable requirements of state law and the Internal Revenue Code.

Bear, Stearns Securities Corp.
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