

J.P. Morgan Clearing Corp. Coverdell Education Savings Account Disclosure Statement

1. Introduction

The Internal Revenue Service requires that an individual establishing or maintaining a Coverdell Education Savings Account be given a Disclosure Statement to aid in the understanding of his or her rights and obligations. This Disclosure Statement is only a general discussion of the restrictions and limitations concerning Coverdell Education Savings Accounts. Further information concerning Coverdell Education Savings Accounts may be obtained from any District Office of the Internal Revenue Service. The following does not consider state or local income tax treatment of a Coverdell Education Savings Account. Because the tax treatment of Coverdell Education Savings Accounts is complex, you should contact your own tax or legal advisor for additional information and advice on your specific situation. JP MORGAN DOES NOT ACT AS YOUR TAX, LEGAL, OR INVESTMENT ADVISOR FOR THIS COVERDELL EDUCATION SAVINGS ACCOUNT.

2. Summary

A Coverdell Education Savings Account 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. The custodial account must be clearly designated as a Coverdell Education Savings Account at the time of establishment. The designated beneficiary's interest in the balance of the account is nonforfeitable. Currently, the Internal Revenue Code permits an individual who qualifies to contribute up to \$2,000 each year to a Coverdell Education Savings Account on behalf of a designated beneficiary. No portion of a contribution to a Coverdell Education Savings Account is deductible from gross income on the depositor's federal income tax return.

3. Revoking Your Coverdell Education Savings Account—Within 7 Days

(a) *General Rule.* If you have not received this Disclosure Statement at least seven (7) days prior to your establishment of a Coverdell Education Savings Account, the law permits you to revoke the Coverdell Education Savings Account within seven (7) days after its establishment. To revoke a Coverdell Education Savings Account, you must, within that seven (7)-day period, provide both oral notification to your Account Executive and deliver or mail written notice of revocation to the Custodian, J.P. Morgan Clearing 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 Coverdell Education Savings Account 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 Coverdell Education Savings Account when you still have the right to revoke the Coverdell Education Savings Account, the Custodian will inform you of the change, and you shall be permitted to revoke the Coverdell Education Savings Account in the manner described in paragraph 3(a) above for a period of seven (7) days from receipt of the notice of the change.

4. Contributions

(a) *Basic Rule.* Contributions to a Coverdell Education Savings Account must be made in cash. J.P. Morgan Clearing Corp., as your Coverdell Education Savings Account Custodian, will not accept contributions (other than rollover contributions) to a Coverdell Education Savings Account in excess of \$2,000, or such other amount as the Internal Revenue Code may be amended to provide for, in any taxable year.

(b) *Designated Beneficiary.* The designated beneficiary of a Coverdell Education Savings Account must be under age 18 or an individual with "special needs," who may be older than 18 at the time the Coverdell Education Savings Account is established. No further contributions may be made to a Coverdell Education Savings Account after the designated beneficiary reaches age 18, unless the designated beneficiary is an individual with "special needs."

(c) *Deductibility of and Eligibility to Make Contributions to a Coverdell Education Savings Account.* No deduction from gross income will be allowed on your federal income tax return for your contributions to a Coverdell Education Savings Account. If you file an individual return, the maximum contribution that you may make to Coverdell Education Savings Accounts per beneficiary per year is phased out between \$95,000 and \$110,000 of adjusted gross income. If you and your spouse file a joint tax return, the maximum contribution that you may make to Coverdell Education Savings Accounts per beneficiary per year is phased out between \$190,000 and \$220,000 of adjusted gross income.

(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 Coverdell Education Savings Account or, in years subsequent to the year in which the initial penalty tax is imposed, by foregoing Coverdell Education Savings Account contributions up to the limitations permissible at that time. A contribution made at a time when you are not eligible to make such contribution (see section 4(c) of this Disclosure Statement) 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 first day of the sixth month of the taxable year following the taxable year for which the contribution is made.

(e) *Contributions to Another Coverdell Education Savings Account.* The maximum amount that you can contribute to a JP Morgan Coverdell Education Savings Account on behalf of a designated beneficiary for a tax year is reduced by any contributions you made to another Coverdell Education Savings Account on behalf of the designated beneficiary for the same year.

5. Rollovers and Other Transfers

(a) *General Rule for Rollovers.* Any amount distributed from a Coverdell Education Savings Account and rolled over to a Coverdell Education Savings Account for the benefit of members of the designated beneficiary's family (or for the benefit of the original beneficiary if he or she is eligible to receive a rollover contribution) is not taxable. An amount is rolled over if it is paid to another Coverdell Education Savings Account on a date within 60 days after the date of the distribution. Members of the designated beneficiary's family include the beneficiary's children and their descendants, stepchildren and their descendants, siblings and their children, parents and grandparents, stepparents, and spouses of all of the foregoing. A rollover contribution to a Coverdell Education Savings Account is not subject to the \$2,000 annual contribution limitation described above in section 4 of this Disclosure Statement. Only one rollover per Coverdell Education Savings Account is allowed during a twelve-month period ending on the date of payment or distribution.

(b) *Change in Designated Beneficiary.* The designated beneficiary of a Coverdell Education Savings Account may be changed to a new designated beneficiary who is a member of the previous beneficiary's family (who include the individuals described above in section 5(a) of this Disclosure Statement) without triggering a tax.

(c) *Transfers Incident to Divorce.* The transfer of a designated beneficiary's interest in a Coverdell Education Savings Account to his or her spouse under a divorce or separation instrument is not a taxable transfer. After the transfer, the interest will be treated as a Coverdell Education Savings Account in which the spouse or former spouse is the designated beneficiary.

(d) *Transfers on Death.* If an individual's spouse or family member was the designated beneficiary of a Coverdell Education Savings Account and the individual receives the Coverdell Education Savings Account as a result of the designated beneficiary's death, the individual may treat the Coverdell Education Savings Account as his or her own. To qualify under this provision as a family member, the individual must be under the age of thirty (30). If an individual receives a Coverdell Education Savings Account as the result of the death of a designated beneficiary who is not the individual's spouse or family member, the individual may not treat the Coverdell Education Savings Account as his or her own and will be taxed on the distribution.

6. Distributions

(a) *In General.* The designated beneficiary of a Coverdell Education Savings Account can receive tax-free distributions to the extent the amounts distributed do not exceed the qualified elementary and secondary school expenses or the qualified higher education expenses incurred by the beneficiary during the taxable year in which the distribution is made. A Hope Scholarship Credit or a Lifetime Learning Credit may be claimed with respect to the beneficiary for a taxable year in which the beneficiary receives a tax-free distribution from a Coverdell Education Savings Account. However, the amount of qualified education expenses must be reduced by the taxable amount of the distribution from the Coverdell Education Savings Account.

(b) *"Qualified higher education expenses."* "Qualified higher education expenses" mean expenses for tuition, fees, books, supplies, and equipment required for the enrollment or attendance of the designated beneficiary at an eligible educational institution (regardless of whether the designated beneficiary is enrolled on a full-time, half-time or less than half-time basis). Qualified higher education expenses also include room and board (generally, the school's posted room and board charge, or, if the student resides in housing owned or operated by an eligible educational institution, the actual cost), provided that the beneficiary is at least a half-time student at an eligible educational institution. A student will be considered to be enrolled at least half-time if the student is enrolled for at least half of the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled.

Qualified higher education expenses also include amounts paid to purchase tuition credits or to make contributions to an account under a qualified state tuition program (as defined in section 529 of the Internal Revenue Code) for the benefit of the beneficiary of the Coverdell Education Savings Account.

(c) *"Qualified elementary and secondary school expenses."* "Qualified elementary and secondary school expenses" mean expenses for tuition, fees, academic tutoring, books, supplies, and equipment incurred in connection with the enrollment or attendance of the designated beneficiary at a public, private or religious elementary or secondary school. Qualified elementary and secondary school expenses also include expenses for room and board, uniforms, transportation, and supplementary items and services (such as extended day programs) required or provided by the school. In the case of a "special needs" beneficiary, qualified elementary and secondary school expenses also include special needs services. The cost of computer technology, equipment or Internet access and related services to be used by the beneficiary and his or her family during the years the beneficiary is in school is a qualified elementary and secondary school expense. The purchase of computer software for sports, games or hobbies is not a qualified elementary and secondary school expense, unless the software is primarily educational in nature.

(d) *Coordination rules for Coverdell Education Savings Accounts and tax-free educational benefits.* Qualified education expenses are reduced by scholarship grants excludable from gross income and other tax-free educational benefits such as educational assistance or any payment (other than a gift, bequest, devise or inheritance) that is excludable from gross income under any law of the United States.

(e) *"Eligible Educational Institution."* "An "eligible educational institution" is any college, university, vocational school, or other post-secondary educational institution that is eligible to participate in the student aid programs administered by the Department of Education [generally all accredited public, nonprofit and proprietary (privately owned profit-making) post-secondary institutions].

(f) *Distributions in excess of expenses.* If total distributions to the designated beneficiary of a Coverdell Education Savings Account in a tax year (including distributions of both contributions to the Coverdell Education Savings Account and earnings on contributions) exceed the beneficiary's qualified education expenses for that year, a portion of the amount distributed will be taxable to the beneficiary. The taxable portion is the portion that represents earnings that have accumulated tax free in the Coverdell Education Savings Account. Generally, the portion of a distribution attributable to earnings will be determined on a pro rata basis.

(g) *Penalty Tax on Taxable Distributions.* If total distributions to the designated beneficiary of a Coverdell Education Savings Account in a tax year exceed the beneficiary's qualified education expenses for that year, the taxable portion of the amounts distributed is subject to a 10% penalty tax unless an exception applies. The penalty tax does not apply to a taxable distribution that is made as a result of the beneficiary's death or disability, or because the beneficiary received a scholarship which is excludable from gross income, or an educational assistance allowance or a payment (other than a gift, bequest, devise or inheritance) for the beneficiary's educational expenses that is excludable from gross income under any law of the United States to the extent the distribution is not more than the amount of the scholarship, allowance or payment.

The penalty tax also does not apply to a distribution that is a return of an excess contribution made during the tax year, provided that the distribution is made before the first day of the sixth month of the tax year following the tax year for which the contribution is made, and includes any earnings attributable to the excess contribution. Earnings on the excess contribution must be included in the depositor's taxable income for the tax year in which the excess contribution is made.

(h) *Deemed Distributions from a Coverdell Education Savings Account.* Any balance remaining in a Coverdell Education Savings Account will be deemed to be distributed within thirty (30) days after the designated beneficiary reaches age thirty (30) or within thirty (30) days after the death of the beneficiary. However, any balance remaining in a Coverdell Education Savings Account is not required to be distributed within thirty (30) days after the beneficiary reaches age thirty (30) if the beneficiary is an individual who has "special needs".

7. Using a Coverdell Education Savings Account as Security for a Loan

If all or a portion of the assets of a Coverdell Education Savings Account are pledged as security for a loan, the portion of the Coverdell Education Savings Account assets pledged will be treated as a distribution and will be taxed (unless the requirements for a tax-free distribution, as described in section 6 of this Disclosure Statement, are met).

8. Prohibited Transactions

A Coverdell Education Savings Account can lose its exemption from federal income tax if the individual establishing the Coverdell Education Savings Account or the designated beneficiary engages in a so-called "prohibited transaction." Prohibited transactions include any direct or indirect:

- Sale, exchange or lease of any property between the Coverdell Education Savings Account and a disqualified person;
- Lending of money or any other extension of credit between the Coverdell Education Savings Account and a disqualified person;
- Furnishing of goods, services or facilities between the Coverdell Education Savings Account and a disqualified person;
- Transfer to, or use by or for the benefit of, a disqualified person of the income or asset of the Coverdell Education Savings Account;

(e) Act by a disqualified person who is a fiduciary whereby he or she deals with the income or assets of the Coverdell Education Savings Account 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 Coverdell Education Savings Account in connection with a transaction involving the income or assets of the Coverdell Education Savings Account.

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

9. Coverdell Education Savings Account Disqualification Penalties

If a Coverdell Education Savings Account loses its tax exemption, any earnings on contributions to the Coverdell Education Savings Account will be taxable for the year in which the loss of the exemption occurs (unless the requirements for a tax-free distribution, as described in section 6 of this disclosure statement, are met). An additional tax of 10% of the amount included in gross income as a result of such loss of exemption may also be imposed.

10. Investments

A JP Morgan Coverdell Education Savings Account is "self directed," which means that you are solely responsible for selecting the investments for your Coverdell Education Savings Account and you provide your Account Executive or 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 JP Morgan subject to any rules that JP Morgan may establish. These investments include:

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

Note that certain restrictions exist on the type of investments and transactions permissible for Coverdell Education Savings Account funds. For example, no Coverdell Education Savings Account may be used to purchase life insurance contracts. 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. Coverdell Education Savings Account property will not be commingled with other property and will be clearly identified as the designated beneficiary's. J.P. MORGAN CLEARING CORP. (OR ANY AFFILIATE) DOES NOT GUARANTEE OR PROJECT ANY INCREASE IN THE VALUE OF A COVERDELL EDUCATION SAVINGS ACCOUNT.

11. Fees and Commissions

J.P. Morgan Clearing Corp. currently charges an annual custodial account maintenance fee. This fee will be charged against the Coverdell Education Savings Account unless you choose to pay the fee directly to J.P. Morgan Clearing Corp. 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 the designated beneficiary. Brokerage commissions and other securities transaction-related charges attributable to the acquisition or disposition of Coverdell Education Savings Account assets will be charged to the Coverdell Education Savings Account. Dividends, interest or other income will be credited to the Coverdell Education Savings Account and invested as directed. Finally, a termination fee will be charged when a Coverdell Education Savings Account is closed along with the annual maintenance fee. Upon account termination, applicable fees will be automatically charged against the Coverdell Education Savings Account. Specific fee details are provided in the JP Morgan Coverdell Education Savings Account Application.

JP Morgan receives payments or other remuneration from the advisers, distributors or other affiliates of certain of the mutual funds available through JP Morgan. 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 JP Morgan may receive. Funds whose affiliates do not make payments to JP Morgan, including funds that may pay a higher or lower return, may be available to you.

12. Estate Taxes

Distributions from a Coverdell Education Savings Account to a designated beneficiary's beneficiary do not qualify for exemption from federal estate taxes. However, amounts payable to a designated beneficiary's spouse as beneficiary of a Coverdell Education Savings Account may be deductible for estate tax purposes.

13. Other Information

As Custodian, J.P. Morgan Clearing Corp. will determine annually the fair market value of the assets in a Coverdell Education Savings Account and provide a written notice of such valuation.

The form of the J.P. Morgan Clearing Corp. Coverdell Education Savings Account is intended to meet the requirements of section 530 of the Internal Revenue Code. This intention, however, does not represent a determination of the Coverdell Education Savings Account's investment merits. JP Morgan does not provide legal or tax advice. Please consult with your own attorney or tax advisor.

Additional information about Coverdell Education Savings Accounts may be obtained from any District Office of the Internal Revenue Service.

J.P. Morgan Clearing Corp.

Coverdell Education Savings Account Custodial Agreement

The depositor and the custodian make the following agreement:

Article I

The custodian may accept additional cash contributions provided the designated beneficiary has not attained the age of 18 as of the date such contributions are made. Contributions by an individual contributor may be made for the tax year of the designated beneficiary by the due date of the beneficiary's tax return for that year (excluding extensions). Total contributions that are not rollover contributions described in section 530(d)(5) are limited to \$2,000 for the tax year. In the case of an individual contributor, the \$2,000 limitation for any year is phased out between modified adjusted gross income (AGI) of \$95,000 and \$110,000. For married individuals filing jointly, the phase-out occurs between modified AGI of \$190,000 and \$220,000. Modified AGI is defined in section 530(c)(2).

Article II

No part of the custodial account 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 a common investment fund (within the meaning of section 530(b)(1)(D)).

Article III

1. Any balance to the credit of the designated beneficiary on the date on which he or she attains age 30 shall be distributed to him or her within 30 days of such date.

2. Any balance to the credit of the designated beneficiary shall be distributed within 30 days of his or her death unless the designated death beneficiary is a family member of the designated beneficiary and is under the age of 30 on the date of death. In such case, that family member shall become the designated beneficiary as of the date of death.

Article IV

The depositor shall have the power to direct the custodian regarding the investment of the above-listed amount assigned to the custodial account (including earnings thereon) in the investment choices offered by the custodian. The responsible individual, however, shall have the power to redirect the custodian regarding the investment of such amounts, as well as the power to direct the custodian regarding the investment of all additional contributions (including earnings thereon) to the custodial account. In the event that the responsible individual does not direct the custodian regarding the investment of additional contributions (including earnings thereon), the initial investment direction of the depositor also will govern all additional contributions made to the custodial account until such time as the responsible individual otherwise directs the custodian. Unless otherwise provided in this agreement, the responsible individual also shall have the power to direct the custodian regarding the administration, management, and distribution of the account.

Article V

The "responsible individual" named by the depositor shall be a parent or guardian of the designated beneficiary. The custodial account shall have only one responsible individual at any time. If the responsible individual becomes incapacitated or dies while the designated beneficiary is a minor under state law, the successor responsible individual shall be the person named to succeed in that capacity by the preceding responsible individual in a witnessed writing or, if no successor is so named, the successor responsible individual shall be the designated beneficiary's other parent or successor guardian. At the time that the designated beneficiary attains the age of majority under state law, the designated beneficiary becomes the responsible individual. If a family member under the age of majority under state law becomes the designated beneficiary by reason of being a named death beneficiary, the responsible individual shall be such designated beneficiary's parent or guardian.

Article VI

The responsible individual may change the beneficiary designated under this agreement to another member of the designated beneficiary's family described in section 529(e)(2) in accordance with the custodian's procedures.

Article VII

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by section 530(h).
2. The custodian agrees to submit to the Internal Revenue Service (IRS) and responsible individual the reports prescribed by the IRS.

Article VIII

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III will be controlling. Any additional articles inconsistent with section 530 and the related regulations will be invalid.

Article IX

This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the depositor and the custodian whose signatures appear below.

Article X

Responsible Individual

The Responsible Individual shall exercise any right, power or responsibility granted to a Designated Beneficiary who has not yet attained the age of majority.

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, Depositor, Designated Beneficiary or Responsible Individual notifies the Custodian that the contributions exceeded the contribution limitations described above in Article I, the Custodian shall, within two (2) months from the date of such notification, distribute from the Coverdell Education Savings Account to the Depositor the amount of such excess contribution and any income attributable thereto. The Depositor, Designated Beneficiary or Responsible Individual may, within forty-five (45) days from the date of his or her notice, revoke such notice in a form and manner acceptable to the Custodian 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 Coverdell Education Savings Account was willfully made by, or on behalf of, the Depositor, Designated Beneficiary or Responsible Individual, the assets of the Coverdell Education Savings Account shall be distributed to the Designated Beneficiary with notification that the Custodian will not accept any contribution for the Coverdell Education Savings Account of the Designated Beneficiary for the year in which the Internal Revenue Service determination was made and for five (5) succeeding years.

Transfers

4. The Custodian can receive amounts transferred to the Coverdell Education Savings Account from the custodian of another Coverdell Education Savings Account. The Custodian shall accept assets other than cash only if such assets are compatible with the Custodian's administrative or operational requirements and regular business practices. The Custodian agrees to follow the Responsible Individual's or the Designated Beneficiary's instructions to sell such assets.

Change in Designated Beneficiary

5. The Designated Beneficiary may designate another family member (as defined in section 529(e)(2) of the Code) who is under the age of thirty (30) as the Designated Beneficiary of the custodial account.

Investments

6. The Depositor's initial contribution to the Coverdell Education Savings Account shall be invested by the Custodian in accordance with the direction of the Depositor. Any assets acquired pursuant to such direction shall be credited to the Coverdell Education Savings Account. The Depositor shall limit all investment instructions to securities obtainable through the Custodian. The Custodian shall under no

circumstances invest any amount in the custodial account in the absence of direction from the Depositor.

7. After the initial contribution made by the Depositor, the Responsible Individual shall have the sole power to direct the investment of all funds contributed to the Coverdell Education Savings Account and to redirect investment of all assets and earnings of the Coverdell Education Savings Account. If the Responsible Individual fails to instruct the Custodian as to the investment of uninvested funds (including new contributions and contributions from the Depositor at any time after the establishment of the custodial account), the initial investment direction of the Depositor also will govern the investment of all additional contributions (including earnings thereon) made to the Coverdell Education Savings Account until such time as the Responsible Individual directs the investment of such funds.

8. The selection of investments for the Designated Beneficiary's custodial account shall be made solely by the Depositor or Responsible Individual, as the case may be. The Custodian shall not be under any duty to question any direction of the Depositor or Responsible Individual with respect to investments, to review any securities or other property held in the Designated Beneficiary's custodial account, or to make suggestions to the Depositor, Designated Beneficiary or Responsible Individual 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 or Responsible Individual. Unless the Custodian and the Depositor enter into a written agreement providing otherwise, neither the Custodian nor any person providing services to the Designated Beneficiary's custodial account on behalf of the Custodian will have discretionary authority or control with respect to investment decisions.

9. The Depositor or Responsible Individual may place each contribution in one or more of the investment alternatives offered by the Custodian for Coverdell Education Savings 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.

10. 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 Coverdell Education Savings Account, be sent by the Custodian or its delegee to the Depositor or Responsible Individual. 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.

11. Confirmation will be sent by the Custodian to the Responsible Individual concerning each transaction or distribution of benefits in the Coverdell Education Savings Account.

12. Interest, dividends and other income from the assets in the Designated Beneficiary's custodial account shall be credited to such account and will be reinvested as the Responsible Individual directs the Custodian. The Custodian will not hold uninvested or undistributed funds for a period longer than is reasonably necessary to carry out the Responsible Individual's directions.

13. 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 Designated Beneficiary's custodial account.

14. *Investment Advisors.* Regardless of any other provision of this Agreement to the contrary, the Depositor or Responsible Individual may also appoint an investment advisor or other person to act as the Depositor's or Responsible Individual'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 or Responsible Individual 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 or Responsible Individual respectively, 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 or Responsible Individual, as the case may be, appoints a representative, as provided for above,

references to the "Depositor" or the "Responsible Individual" in the "Investments" section of this Agreement (other than the last sentence of this section 14) and in section 22 of the "Powers and Responsibilities of Custodian" section of this Agreement (insofar as pertinent to assets with respect to which the representative has investment authority) are also to that representative. The Responsible Individual may revoke the authority of any representative appointed by him or her at any time by notifying the Custodian in a form and manner acceptable to the Custodian. 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, the Responsible Individual or the Designated Beneficiary, as applicable.

Distributions

15. The Responsible Individual must provide directions to the Custodian in a form and manner acceptable to the Custodian for withdrawal of any assets from the Coverdell Education Savings Account and the Custodian agrees to distribute promptly such assets in accordance with the directions of the Responsible Individual. In the event of the death of the Designated Beneficiary, the balance of the Designated Beneficiary's custodial account shall be distributed as soon as practicable after the Custodian receives instructions in a form and manner acceptable to the Custodian from the Responsible Individual or, if the Designated Beneficiary was the Responsible Individual, a legal representative of the Designated Beneficiary.

Liability and Indemnification of Custodian

16. The Depositor and Responsible Individual agree to indemnify fully the Custodian for any liability arising whatsoever in connection with the operation of the Coverdell Education Savings Account, 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 or the Responsible Individual, as the case may be, shall furnish the Custodian with instructions in a form and manner acceptable to the Custodian. 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

17. The Custodian's annual maintenance fee shall be charged to each Coverdell Education Savings Account unless the Responsible Individual 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 Responsible Individual. The Responsible Individual shall be deemed to have consented to such modification upon the failure of the Responsible Individual to furnish the Custodian, within 30 days of such notice, instructions in a form and manner acceptable to the Custodian to terminate the Coverdell Education Savings Account. 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 the Depositor, Responsible Individual or Designated 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 Responsible Individual, and the Responsible Individual covenants and agrees to pay the same. Fees or other administrative expenses not paid by the Responsible Individual directly to the Custodian when due may be charged to the custodial account. Finally, a termination fee, along with the annual maintenance fee, will be automatically charged to each Coverdell Education Savings Account at the time the Responsible Individual terminates the account. Specific fee details are provided in the JP Morgan Coverdell Education Savings Account Application.

18. *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

19. The Coverdell Education Savings Account will be charged brokerage commissions and other securities transaction-related charges for the transactions in the custodial account.

Powers and Responsibilities of Custodian

20. *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.

21. *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, Responsible Individual or Designated Beneficiary 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.

22. *Investment Instructions.* Investment instructions of the Depositor or Responsible Individual 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 Responsible Individual, or the Depositor's or Responsible Individual's legal representative. In general, all transactions directed by the Depositor or Responsible Individual 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.

23. *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 Designated Beneficiary.

24. *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 that may arise or for instructions. The only necessary party defendants to any such action shall be the Depositor, Responsible Individual and Designated Beneficiary, 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 X, "Custodial Fees" section of this Agreement.

25. *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, Responsible Individual or Designated Beneficiary, or his or her designated agent or attorney in fact, or from any failure to act because of the absence of 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, Responsible Individual or Designated Beneficiary 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 by 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, Responsible Individual and Designated Beneficiary shall duly indemnify and hold harmless the Custodian from any liability that may arise hereunder except liability arising from the gross negligence or willful misconduct of the Custodian.

Termination

26. The Coverdell Education Savings Account may be terminated:

- (a) by either the Custodian or the Responsible Individual upon thirty (30) days' written notice to the other party;
- (b) upon the death of the Designated Beneficiary;
- (c) for failure of the Coverdell Education Savings Account to maintain its status under section 530 of the Code; or
- (d) upon the Designated Beneficiary's attainment of age thirty (30).

Transfer and Distribution Procedures

27. In the case of resignation or removal of the Custodian, the Responsible Individual 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 Coverdell Education Savings Account assets and pertinent records upon receipt by the Custodian of the successor custodian's or trustee's acceptance of such appointment. Upon termination, any securities in the Coverdell Education Savings Account shall be transferred into the name of the successor custodian or trustee or into the name of the Designated Beneficiary. The Custodian is authorized 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 Coverdell Education Savings Account or the Custodian. The balance of any such reserve remaining after the payment of the above items shall be paid to the successor custodian or trustee. The Custodian shall have the right to designate the successor custodian or trustee upon the failure of the Responsible Individual 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 Coverdell Education Savings Account and distribute its assets to the Designated Beneficiary. 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 that may be levied or assessed upon or in respect to the Coverdell Education Savings Account, except for taxes imposed by sections 4973, 4974 and 4975 of the Code, shall be paid from the assets of the Coverdell Education Savings Account.

Notices

28. Notice shall be deemed effective if sent by regular mail to the Responsible Individual or other intended recipient at the last address shown on the records of the Custodian. The Responsible Individual shall promptly notify the Custodian in writing of any change of address. The last address of the Responsible Individual, the Depositor and the Designated Beneficiary that is on the records of the Custodian will be the address used for any disbursement and reporting required by taxing authorities. The Responsible Individual, the Depositor and the Designated Beneficiary will notify the Custodian of any change in their respective address.

Amendments to this Agreement

29. The Custodian shall have the right to amend any part of this Agreement and the terms and conditions of the Coverdell Education Savings Account upon 90 days' written notice to the Responsible Individual. The Responsible Individual shall be deemed to have consented to any such amendment upon the failure of the Responsible Individual to furnish the Custodian, within 30 days of such notice, with instructions in a form and manner acceptable to the Custodian, to terminate the Coverdell Education Savings Account 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 Responsible Individual) to the extent such amendment is required to preserve the Coverdell Education Savings Account's status as such under section 530 of the Code.

Definitions

30. *Depositor.* The Depositor is the person who establishes the custodial account.

31. *Designated Beneficiary.* The Designated Beneficiary is the person on whose behalf the custodial account has been established.

32. *Responsible Individual.* The Responsible Individual, generally, is a parent or guardian of the Designated Beneficiary, who directs and controls all activity in the custodial account, and shall be the Designated Beneficiary upon his or her attainment of the age of majority under applicable state law.

Miscellaneous

33. Notwithstanding any other provision of this Agreement, the Custodian, the Responsible Individual, the Depositor and the Designated Beneficiary are prohibited from directly or indirectly engaging in any transaction prohibited by section 4975 of the Code.

34. The terms and conditions of this Coverdell Education Savings Account shall be applicable without regard to the community property laws of any state.

35. All contributions to the Coverdell Education Savings Account shall be deemed to take place in the State of New York.

36. 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.

37. **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 PREDISPUTE 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 JP MORGAN AGREE THAT CONTROVERSIES ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY ACTIVITY BETWEEN YOU AND JP MORGAN, 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 J.P. MORGAN CLEARING 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 JP MORGAN TO MAKE SUCH ELECTION, THEN JP MORGAN 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.

38. At the time of the creation of this Coverdell Education Savings Account or subsequent thereto, at the sole discretion of the Custodian, the Responsible Individual and the Custodian may add any provision that is not inconsistent with the applicable requirements of state law and the Internal Revenue Code.