

ERISA 408(b)(2) Notice Applicable to ERISA-covered Plans enrolled in the Merrill Lynch Strategic Portfolio Advisor® Service

This 408(b)(2) Notice ("Notice") is being provided to the "responsible plan fiduciary" of an employee benefit plan or account ("Plan") covered under Employee Retirement Income Security Act of 1974, as amended ("ERISA") in compliance with Department of Labor Regulation 29 C.F.R. 2550.408b-2.

This Notice provides Plan fiduciaries with information related to services provided by Merrill Lynch Pierce, Fenner & Smith Incorporated ("MLPF&S," "Merrill" or "us") to Plans under the terms of client agreements and related documents for the underlying retirement securities account ("Written Services Agreement"). This information, including but not limited to the statements under the "Description of Services" section below, is not intended to replace or modify the Written Services Agreement and does not constitute a separate agreement for services with us or our Affiliates or create a contractual relationship or provide any type of guarantee with respect to the pricing of any services. Any additional or different services for the Plan to be provided by us will be determined only in consultation with you, and at your direction, pursuant to a Written Services Agreement or other written agreement. Moreover, the terms of the Written Services Agreement will prevail should there be any discrepancy between the terms of that Agreement and this Notice.

This Notice relates to the Merrill Lynch Strategic Portfolio Advisor® Service ("SPA" or the "Program") and should be read in conjunction with other fee disclosures you may receive from us, our Affiliates or other third parties, including the Form ADV Part 2A Brochure ("SPA Brochure") for SPA, the SPA Client Agreement ("Client Agreement") and other documents referenced in this Notice. The SPA Brochure includes a description of the Program services we are offering and the compensation that we and our Affiliates expect to receive in connection with these services. You may obtain a copy of the SPA Brochure at www.adviserinfo.sec.gov or by contacting your Financial Advisor. Terms used in this Notice that are not defined in this Notice are in the SPA Brochure.

Description of Services and Fiduciary/Adviser Status. SPA is an investment advisory program offered by Merrill. For a description of the services provided to SPA-enrolled accounts, see "Description of SPA," "Funding and Operation of SPA Accounts," and "Portfolio Manager Selection and Evaluation" in the SPA Brochure, and the sections entitled "Services" and "Procedural Matters" in the Client Agreement. Merrill provides investment advisory services through the Program as a registered investment adviser under the Investment Advisers Act of 1940, as amended ("Advisers Act") For a description of the status of Merrill under the Advisers Act and under ERISA, please refer to the section "Description of SPA" in the SPA Brochure and to the section "Liability" in the Client Agreement."

SPA Fee, Manager Fee and Other Compensation. The maximum SPA Fee rate schedule for the Program is set forth in the Client Agreement and in the SPA Brochure. The SPA fee rate schedule lists maximum rates that can be charged based on type of Strategy (e.g., equity-oriented or fixed income based) and the dollar value of assets in the SPA Account. You and your Financial Advisor may agree to a SPA Fee rate for an Account that is lower than the maximum rates listed in the schedule (such rate being the "SPA Fee Rate"). The extent to which you and your Financial Advisor agree to a lower rate is solely within your and your Financial Advisor's discretion and is subject to our policies regarding the Program. The SPA Fee does not cover the services of Investment Managers. For a description of the fees applicable to your Program account, please refer to the section entitled "The SPA Fee" in the SPA Brochure and the section entitled "Fees" in the Client Agreement.

Fund Fees and Investments in Funds or Strategies Related to Merrill. We generally restrict Investment Managers from purchasing mutual fund shares in your Account, including purchasing additional shares of any mutual fund that you used to fund your Account (either initially or otherwise). We do not retain compensation for sub-accounting services and any 12b-1 fees received by us from funds held in Retirement Accounts. Please see the

section "Participation or Interest in Client Transactions--Investments in Fund Products" in the SPA Brochure. We do not currently offer any Funds that are sponsored, managed, or advised by us, a Related Entity or any of our Affiliates ("Related Fund") in the Program. We or our Affiliates may offer Strategies that are managed by Merrill or an Affiliate of Merrill ("Related Strategies") for which an Investment Manager Fee is charged. Except as to Retirement Accounts, we or the Related Entity retain the Investment Manager Fee attributable to the portion of assets in attributable to the Related Strategy. We also retain the SPA Fee. Your Financial Advisor can recommend that you select a Related Strategy with a Manager Fee for your Account. See the section "Additional Information--Use of Related Investment Managers."

Cash Balances and the Cash Sweep Program. At times, your Account will have an allocation to cash based on the Strategy selected, the asset allocation and investment determinations made. Cash in your Account that is not invested by the Plan or a Plan participant or by us will automatically be "swept" in accordance with the cash sweep option available to you (or if more than one is available, as designated by you) as part of the underlying Merrill securities account agreement (the "Cash Sweep Program"). Under the Cash Sweep Program applicable to your account type, cash balances will be swept to either (1) a bank deposit account at Bank of America, N.A. (BANA) and/or other banks affiliated with us ("Bank Affiliates"); (2) for certain retirement plan accounts, to a money market fund selected by the holder of the Account where permitted under the terms of the securities account agreement; or (3) for certain Plan account types, the Insured Savings Account Program, a bank deposit program with our Bank Affiliates and unaffiliated banks. For more information, see the SPA Brochure at the sections "Funding and Operation of SPA Accounts--Cash Balances and the Cash Sweep Program" and "Compensation, Conflicts of Interest and Material Relationships -- Cash Sweep Program Compensation Received by Us and Our Affiliates" in the SPA Brochure and the section "Cash Balances and Funds Pending Investment" in the Client Agreement.

Additional Service Fees. We may charge an electronic fund transfer fee on transfers from your Program account, including transfers to another broker-dealer. The fee for this service ranges between \$15 and \$40 per transfer.

Payments from Third-Party Firms for Events and Meetings. We and our Affiliates have business relationships with investment managers, including Style Managers, Fund managers, distributors and sponsors, and insurance companies and other product providers ("Third-Party Firms"). Certain Third-Party Firms periodically participate in Merrill-hosted or Affiliate-hosted internal training and education conferences for Financial Advisors and other personnel as well as in conferences that Merrill or an Affiliate hosts for clients (each, a "Training Event"). Certain Third-Party Firms also periodically host or participate in educational meetings for certain Financial Advisors and other Merrill employees ("Educational Meetings") where they provide information on investment products and services and the opportunity to interact with their investment and sales personnel. Subject to internal policies, Third-Party Firms electing to participate in a particular Training Event will generally reimburse us for the eligible costs of the particular Training Event for which they act as sponsor. For the Educational Meetings held, the hosting Third-Party Firm pays for all eligible costs associated with such meetings, including the cost of travel, accommodation and continuing education fees for the attending Financial Advisors and certain of Merrill employees, subject to Merrill policies and guidelines. There is no requirement that Third-Party Firms reimburse Merrill for, or pay the costs of, such events in order for their investment products to be made available on the Merrill platform. Neither we nor our Affiliates incentivize our Financial Advisors to recommend the products or services of a Third-Party Firm that makes such contributions over those that do not. Third-Party Firms are not permitted to condition their payment on any amount of sales of their products or services. Third-Party Firm reimbursements and/or payments for costs of meetings and events must align to Merrill internal policies and

policy limits and are subject to Merrill supervision and oversight that is reasonably designed to review the nature of the business interactions and level of expense reimbursement from affecting the nature of the advice we provide. The aggregate amount of the cost of these meetings and events cannot be reasonably allocated to any particular Plan client.

Gifts & Entertainment and other Non-Monetary Compensation. We have policies and procedures that limit Third-Party Firms from providing or paying for, and our Financial Advisors and other employees from, receiving, gifts and entertainment other than as permitted by and subject to the limits established under Merrill internal policies. In general, our Financial Advisors, and other employees may accept nominal gifts and occasionally attend entertainment events, including business meals, subject to certain limits and conditions. We do not permit any gifts or entertainment conditioned on achieving a sales target. In addition to monetary limits, we have policies, procedures and supervisory controls that are reasonably designed to review the frequency and level of gifts and entertainment from affecting the nature of the advice we provide. Third-Party Firms are not required to provide gifts or entertainment. We have policies, procedures and supervisory controls that have been reasonably designed for regulatory requirements relating to such activities and the receipt of non-cash compensation from Third-Party Firms. Merrill does not incentivize its Financial Advisors to recommend or select one investment product over another. Merrill will report gifts received by it or its employees to the extent such amounts exceed the U.S. Department of Labor ("DOL") de minimis thresholds for any plan. The determination of whether the gifts that we receive exceed the de minimis threshold is made by Merrill after examining the gifts recorded each year and the value of the recorded gifts as may be attributable to a qualified retirement plan client under the DOL rules.

Compensation for Termination of Contract. There is no additional fee charged upon termination of a Program Account, but as discussed above, certain transfer fees may apply if assets are moved outside of Merrill. There are certain Funds and other securities that are not eligible to be held in an account that is enrolled in the Program. Upon Account termination or termination of the Agreement or if Fund shares are moved or transferred to a brokerage account from an account enrolled in the Program, such Fund shares will automatically be liquidated, converted, exchanged or redeemed into another appropriate share or unit class in accordance with applicable offering materials and Merrill's own policies, without providing prior notice. Additional fees and expenses may apply upon any such liquidation, redemption or exchange. Refer to the Client Agreement at the section "Fees" and to the SPA Brochure at the section "Funding and Operation of Accounts—Closing an Account and/or Terminating the Client Agreement."

Compensation Paid Among Merrill and Its Affiliates. Merrill and its Affiliates benefit from the fees paid by the Program account as described in the SPA Brochure and the Client Agreement.

Proxy Voting Services. You have, pursuant to the terms of the Client Agreement, delegated proxy voting responsibilities for certain investments held in your Program Account to the Investment Manager. Please refer to the section entitled "Proxy and Other Legal Matters" in the Client Agreement and the subsection entitled "Proxy and Other Legal Matters" in the SPA Brochure.

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