

STATE STREET BANK AND TRUST COMPANY / DOMINI SOCIAL INVESTMENTS

TRADITIONAL IRAs AND ROTH IRAs

DISCLOSURE STATEMENT AND INDIVIDUAL RETIREMENT ARRANGEMENT CUSTODIAL ACCOUNT AGREEMENT / TERMS AND CONDITIONS

Disclosure Statement.....	2
Custodian Privacy Notice.....	32
Individual Retirement Arrangement Custodial Account Agreement.....	33



The way you invest matters®

IMPORTANT NOTICE

- This disclosure statement generally describes aspects of the Traditional and Roth IRA federal income tax rules as modified by the federal Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”). The EGTRRA changes were generally effective starting in 2002. The increased EGTRRA contribution limit and the ability of taxpayers age 50 or older to make additional “catch-up” contributions apply only to contributions for 2002 and future years.
- The EGTRRA changes are to expire on December 31, 2010. At such time, prior law and rules are to be restored, unless new legislation is enacted.
- Neither Domini Social Investments LLC (the "Service Company"), DSIL Investment Services LLC, the custodian (State Street Bank and Trust Company), the transfer agent (PFPC Inc.), nor any of their affiliates or agents are acting herein as tax, legal or investment advisors, and this document is not to be considered tax, legal or investment advice. Please consult a tax advisor for tax advice, an attorney for legal advice and an investment advisor or other qualified person for investment advice.
- This Disclosure Statement only discusses effects and requirements of the federal income tax laws. Further information can be obtained from the IRS website: www.irs.gov, any district office of the Internal Revenue Service and IRS Publication 590, available at www.irs.gov/publications.
- State and local laws are not discussed in this document. You should check with your tax advisor or state and local revenue or tax departments with regard to the applicable tax laws of your state and locality. In some states, state income tax treatment of contributions or distributions from an IRA is different from the federal treatment.
- For more information about Domini Funds, call 1-800-582-6757 or visit www.domini.com to obtain a prospectus. The prospectus states investment objectives, risks, changes, expenses and other important information about a fund. Please read it carefully before investing.

STATE STREET BANK AND TRUST COMPANY / DOMINI SOCIAL INVESTMENTS

TRADITIONAL IRAs AND ROTH IRAs DISCLOSURE STATEMENT

You should review the following information along with the **State Street Bank and Trust Company** Custodial Account Agreement Terms and Conditions (the “Terms and Conditions”) and the **Domini Social Investments** IRA Account Application (the “Account Application”) and the current prospectus for any Fund you are investing in.

Important — Revocation of your IRA

If you do not receive this statement at least seven days before you establish your Traditional or Roth Individual Retirement Account, you have the right to revoke your IRA account within seven days after it is established and to receive a return of the entire amount of your investment in the IRA account, without adjustment for such items as sales commissions, administrative expenses or fluctuation in market value. If this right to revoke applies to you and if you should desire to exercise your right to revoke your Traditional or Roth Individual Retirement Custodial Account, you should mail a written notice of revocation to Domini Funds, IRA Department, P.O. Box 9785, Providence, RI 02940-9785 (telephone number 1-800-582-6757), no later than the seventh day after the IRA account has been established. If mailed, a notice shall be deemed mailed on the date of the postmark (or if sent by certified or registered mail, the date of certification or registration) if it is deposited in the United States mail in an envelope, or other appropriate wrapper, first class postage pre-paid, properly addressed. The Custodian or Domini Social Investments has the right under the IRA Custodial Account Agreement (see Article IX, Section 24) to hold your initial contribution uninvested until the period when you may revoke your account has expired.

This **Disclosure Statement** is provided pursuant to the Internal Revenue Code and regulations. It provides information about Traditional IRAs and Roth IRAs and is divided into three sections.

Section 1: Disclosure Statement for Traditional IRAs. The first section is the *Disclosure Statement for Traditional IRAs* (pages 3-15). Tax deductible contributions or nondeductible contributions or rollovers from another Traditional IRA or from certain types of employer retirement plans may be made to a Traditional IRA. Any capital accumulations, earnings and interest in your account accrue on a tax-free basis. However, any amounts not taxed when contributed are subject to income tax, along with any earnings, when they are withdrawn from the Traditional IRA. In the Disclosure Statement for Traditional IRAs section you will find a general overview of the basic features of your Traditional IRA and the rules under which the Traditional IRA will be operated. Except as otherwise noted, in this booklet all IRAs, except for Roth IRAs (see below), are considered to be Traditional IRAs.

Section 2: Disclosure Statement for Roth IRAs. The second section is the *Disclosure Statement for Roth IRAs* (pages 16-26). In Roth IRAs, contributions are not deductible, and any earnings and interest accrue free from federal income tax. In addition, withdrawals meeting certain requirements are also free from federal income tax. Individuals (and their spouses) whose annual gross income on their tax return is \$100,000 per year or less may convert or rollover amounts from their existing Traditional IRA to a Roth IRA. The second section explains in more detail how Roth IRAs work and who is eligible to contribute to them, the rules for converting a Traditional IRA to a Roth IRA, and the other basic rules and features of a Roth IRA.

Section 3: Disclosure Statement for All IRAs. The final section, *Disclosure Statement for All IRAs* (pages 27-31), generally covers tax and other matters applicable to all Domini Social Investments IRAs and should be read in conjunction with either of the first two sections.

SIMPLE IRAs

Under the Small Business Job Protection Act of 1996, a new type of IRA called a SIMPLE IRA was created. SIMPLE IRAs operate in connection with a SIMPLE IRA plan maintained by an eligible employer. Each participating employee has a SIMPLE IRA to receive contributions under the plan.

A Traditional IRA or a Roth IRA is **NOT** suitable for use with a SIMPLE IRA plan. A separate IRA, using a different form for the IRA Account Application and a different Individual Retirement Disclosure Statement and Custodial Account Agreement, is available to establish a SIMPLE IRA.

This Disclosure Statement provides a non-technical explanation of the terms and conditions of your Traditional IRA or Roth IRA account. However, the provisions of the Terms and Conditions and the Account Application govern in any instance where the Disclosure Statement is incomplete or appears to conflict. This Disclosure Statement reflects the provisions of the federal Internal Revenue Code in effect as of the date the Disclosure Statement was prepared, and does not discuss state or local law. Please refer to IRS Publication 590 or obtain further information from the IRS website, www.irs.gov, or a district office of the Internal Revenue Service for more complete information, and consult your tax advisor for tax advice and to review any applicable tax law changes.

DISCLOSURE STATEMENT FOR TRADITIONAL IRAs

1. ELIGIBILITY

You are eligible to set up an IRA if you are younger than age 70½ and if, at any time during the year, you are an employee or are self-employed and receive compensation or earned income that is includible in your gross income.

Also, you may contribute to a different IRA, established by your spouse and called a “spousal IRA,” out of your compensation or earned income for any year before the year in which your spouse reaches age 70½. To contribute to a spousal IRA, you and your spouse must file a joint tax return for the taxable year. Your spouse must establish a separate spousal IRA to receive the contributions.

Additionally, regardless of your age, you may also transfer or roll over funds from another IRA or certain employer plan distributions into your Traditional IRA. These options are described in section 11 of this statement.

Please note that state tax treatment of your IRA earnings and withdrawals may differ from federal treatment. You should consult your tax advisor for information regarding tax laws applicable in your state.

2. LIMIT ON ANNUAL CONTRIBUTIONS

(a) You can make annual contributions to an individual Traditional IRA up to the annual limit, or 100% of your compensation or earned income, whichever is less. For tax year 2008, this annual limit is \$5,000 and will increase in increments. Refer to the table below for the Traditional IRA annual contribution limits.

(b) If you and your spouse both work and have compensation that is includible in your gross income, each of you can annually contribute to a separate Traditional IRA up to the lesser of the annual contribution limit (which is \$5,000 for year 2008) or 100% of compensation or earned income. If each spouse has at least the annual limit in compensation or earned income, each may make the maximum contribution to his or her individual Traditional IRA, a total of up to twice the annual contribution limit in IRA contributions for the couple (in other words, \$10,000 for 2008 for the two IRAs). However, if one spouse has less than the annual contribution limit in compensation or earned income, but both spouses together have twice the annual contribution limit or more in compensation or earned income, it may be advantageous to use spousal Traditional IRAs to maximize contributions (see paragraph (c) below).

(c) If each spouse in a couple meets the eligibility requirements for contributions to that spouse's Traditional IRA, and the total compensation and earned income shown on the couple's joint income tax return is at least twice the annual contribution limit, each spouse may contribute up to the annual contribution limit to his or her spousal Traditional IRA. If the combined compensation or earned income shown on the couple's joint income tax return is less than twice the annual contribution limit, contributions to both spousal Traditional IRAs may not exceed the total compensation or earned income, and may be divided between the spousal Traditional IRAs as desired (as long as the contribution to either spousal Traditional IRA does not exceed the annual contribution limit).

(d) If you are a divorced spouse, all taxable alimony received by you under a decree of divorce or separate maintenance will be treated as compensation for purposes of the Traditional IRA contribution limit and the rules for contributing to a Traditional IRA will apply. Accordingly, you can make annual contributions of up to the lesser of the annual limit (which is \$5,000 for 2008), or 100% of compensation or earned income (including taxable alimony).

(e) Important: Your total annual contribution to all Traditional and Roth IRAs cannot exceed the lesser of the IRA annual contribution limit or 100% of your compensation or earned income. If you (or your spouse) establish a Roth IRA (described in the Disclosure Statement for Roth IRAs) and make contributions to both your Traditional IRA and a Roth IRA, the limit on contributions to both Traditional and Roth IRAs for a single calendar year for you may not exceed these limits.

(f) For each year when you are eligible (see above), you can contribute up to the lesser of the IRA annual contribution limit (see the following table) or 100% of your compensation (or earned income, if you are self-employed).

IRA ANNUAL CONTRIBUTION LIMITS

YEAR	LIMIT
2007	\$4,000
2008	\$5,000
2009	\$5,000 increased by cost-of-living adjustments (in \$500 increments)

Individuals age 50 or older may make special “catch-up” contributions to their Traditional IRAs. (See subsection 2(g) below for further information.)

(Note: The Traditional IRA annual contribution limit is not reduced by employer contributions made on your behalf to either a SEP IRA or a SIMPLE IRA; salary reduction contributions by you are considered employer contributions for this purpose and will not affect your Traditional IRA contribution limit.)

(g) Beginning in 2002, if you are age 50 or older by the end of any year, you may make special “catch-up” contributions to a Traditional IRA for that year. From 2006 on the maximum special “catch-up” contribution will be \$1,000 per year. If you are over 50 by the end of a year, your catch-up limit is added to your annual contribution limit (see the above table) for that year.

Although these are called “catch-up” contributions, they are available to anyone age 50 or older, whether or not they have previously contributed to a Traditional IRA.

Note that the rules for determining whether a contribution is tax-deductible (see below) also apply to special “catch-up” contributions.

3. DEDUCTIBILITY OF CONTRIBUTIONS

You may deduct the full amount of your Traditional IRA contribution up to the annual maximum limit **if you are not an “active participant”** in an employer-sponsored retirement plan (including qualified 401(k), profit sharing or retirement plans maintained by your employer, Simplified Employee Pension (SEP) plans, SIMPLE IRA or SIMPLE 401(k) plans, tax-sheltered annuity plans, and certain governmental plans) for any part of such year.

If you are married, you will not be treated as an active participant in an employer-sponsored retirement plan solely because your spouse is an active participant in such a plan if you are not an active participant yourself. However, if a person's spouse is an active participant in such a plan, the deductibility of contributions for the non-active participant spouse phases out for married couples with adjusted gross income (“AGI”) above certain levels — for 2007: between \$156,000 and \$166,000, and is lost entirely after AGI reaches \$166,000; for 2008: between \$159,000 and \$169,000, and is lost entirely after AGI reaches \$169,000.

Your AGI is determined on your Form 1040.

If you are an active participant in an employer-sponsored retirement plan, the deductibility of your contribution will depend on your adjusted gross income for the tax year for which the contribution is made. Individuals are considered to be “active participants” for a year if at

any time during the year they are covered by any employer plan under which contributions are made to their accounts (including a required or voluntary employee contribution by the individual) or under which they are eligible to earn pension benefit credits. Individuals are considered to be active participants even if they are not vested under the plan. Form W-2 for the year should indicate your active participation status. Consult your employer or your own tax or financial advisor if you should have any questions concerning active participant status.

If you are an active participant in such a plan, your contributions will be either **fully deductible, partly deductible or not deductible**, depending on your tax filing status and your AGI. The following table shows phase out ranges for deductibility of contributions, based on AGI and filing status, for years 2006 and after. AGI shown is for single and married filing jointly. If you are married filing separately, your contribution deductibility is phased out for AGI from \$0 - \$10,000, and is lost entirely with AGI of \$10,000 or more.

**DEDUCTIBILITY OF CONTRIBUTIONS – PHASE OUT LEVELS OF AGI –
Year 2007 and future years**

		Fully Deductible (any AGI amount up to)	Partly Deductible (AGI amounts between)	Not Deductible (AGI equal to or above)
2007	Single	\$52,000	\$52,000 - \$62,000	\$62,000
	Married	\$83,000	\$83,000 - \$103,000	\$103,000
2008	Single	\$53,000	\$53,000 - \$63,000	\$63,000
	Married	\$85,000	\$85,000 - \$105,000	\$105,000

In general, if your AGI is in the “Partly Deductible” range, the Traditional IRA deduction is phased out at a rate of 10% of the maximum deductible contribution per \$1,000 of adjusted gross income in excess of the phase out threshold (the AGI level at which contributions by active participants go from fully deductible to partly deductible). Also, note that, starting in the year 2007 for married taxpayers filing jointly, the deduction is phased out at the rate of 5% of the maximum deductible contribution per \$1,000 of adjusted gross income in excess of the phase out threshold.

When calculating your reduced Traditional IRA deduction limit, you always round up to the next highest \$10. Therefore, your deduction limit is always a multiple of \$10. In addition, if your adjusted gross income is within the phase-out range and your reduced deduction limit is more than \$0 but less than \$200, you are permitted to deduct up to \$200 of your Traditional IRA contributions. If your AGI falls in the “Partly Deductible” range, consult IRS Publication 590, Individual Retirement Arrangements (available from the IRS) or at www.irs.gov/publications, for more information and worksheets and examples on calculating the deductible portion of a contribution.

If adjusted gross income is equal to or exceeds the Not Deductible levels specified above (\$63,000 in 2008 for single filers, \$105,000 in 2008 for married joint filers) and you are an active participant in an employer-sponsored retirement plan, then you may not deduct any portion of your Traditional IRA contribution.

4. NONDEDUCTIBLE CONTRIBUTIONS

You may make nondeductible contributions to your IRA to the extent that deductible contributions are not allowed. Of course, the combined total of deductible and non-deductible contributions must not exceed your annual contribution limit amount. Any earnings on all your Traditional IRA contributions (deductible and nondeductible) accumulate tax-free until you withdraw them.

If you make nondeductible contributions for a particular tax year, you must report the amount of the nondeductible contribution on Form 8606, which you file with your federal income tax return.

5. CONTRIBUTIONS WHICH CAN NEVER BE DEDUCTED

You may not make any contribution (other than a rollover contribution) to your Traditional IRA with respect to the **tax year in which you reach age 70½** or any subsequent year. However, you may continue to make contributions to a spousal Traditional IRA and deduct the deductible portion of such payments until the year in which your spouse reaches age 70½.

You may not deduct any portion of Traditional IRA contributions allocable to the cost of life insurance. For this reason, life insurance contracts are not offered as an investment for your Traditional IRA.

6. TAX CREDIT FOR CONTRIBUTIONS

Certain taxpayers may be eligible to take a credit of up to \$1000 on their federal income tax returns for a portion of their Traditional IRA contributions (for qualifying taxpayers, the credit is also available for a portion of their contributions to a Roth IRA as well). The amount of the credit depends upon your adjusted gross income. For 2008, the credit phases out and is not available to taxpayers with adjusted gross income exceeding \$53,000 (married filing jointly), \$39,750 (filing as a head of household), or \$26,500 (single filer or married taxpayer filing separately). This credit is explained in more detail starting on page 27 below.

7. DEADLINE FOR ANNUAL CONTRIBUTIONS

Contributions to your Traditional IRA for a tax year must be made in cash on or before the due date (not including extensions) for your Federal income tax return for that tax year (generally April 15, or next business day if April 15 is not a business day). For example, you will have until April 15, 2009 to establish and make a contribution to a Traditional IRA for 2008. If you intend to report contributions made between January 1 and April 15 as contributions for your prior tax year, you should clearly indicate that such contributions have been made on account of such prior tax year. Otherwise, the Custodian will treat the contribution as a contribution for the current tax year.

8. EXCESS CONTRIBUTIONS

If you contribute to your Traditional IRA more than the annual IRA contribution limit allowed for any year, the excess contribution could be subject to a 6% nondeductible excise tax. The excess is taxable in the year the excess contribution is made and each year that the excess remains in your Traditional IRA at the end of the year. The excess contribution excise tax is based on contributions above the annual contribution limit, not the maximum deduction limit.

If, by mistake, you should contribute more than the maximum amount allowed, you can eliminate the excess contribution as follows. The method of correction will differ depending on whether you correct the excess by your tax filing deadline (for the year of the excess, including any extensions you get) or after this deadline.

(a) Correction Before Tax Filing Deadline. You can avoid the 6% excise tax by withdrawing the excess contribution and the net earnings attributable to it before the due date (including any extensions) for filing your federal income tax return for the year for which the excess contribution was made. Upon removing an excess contribution in this manner, the net earnings attributable to it are includible in your income for the tax year in which the excess contribution was made, and you may also have to pay an additional 10% premature distribution tax on the amount of such net earnings (see section 9(a)). However, the excess contribution itself will not be included in your taxable income and will not be subject to the 10% premature distribution tax for this reason.

(b) Reduced Contribution in Later Years. If you elect not to withdraw an excess contribution, you can eliminate the excess by contributing less than the maximum amount allowed to your Traditional IRA in a later year. This is known as a “make-up” contribution and is allowed only to the extent that you “under-contribute” in the later year. Further, to the extent that you have not contributed your full deductible amount for that later year, the amount of the excess so eliminated may be deductible as a “make-up” deduction, depending on your active participant status and adjusted gross income for the year. The 6% excise tax will, however, be imposed in the year you make the excess contribution and each subsequent year until eliminated.

(c) **Correction After Tax Filing Deadline.** If you do not withdraw an excess contribution on or before the due date for filing your federal income tax return and your contribution did not exceed the IRA annual contribution limit, you can withdraw the excess at any time as long as you have not deducted it on your federal tax return. The amount of the excess which you withdraw is not includible in your gross income and will not be subject to regular federal income tax for that reason. However, the 6% excise tax is applicable for the year in which you make the excess contribution and each subsequent year, until the year of withdrawal.

(d) **Failure to Correct.** If you do not withdraw an excess contribution on or before the due date for filing your Federal income tax return and your contribution exceeded the annual limit, you must include in your gross income any excess amount which you subsequently withdraw even if you have not deducted it on your federal income tax return. You may also have to pay a 10% premature distribution tax on the amount you withdraw (see section 9(a)). Additionally, the 6% excise tax will be imposed for the year in which you make the excess contribution and each subsequent year, until the year of withdrawal.

9. PAYMENTS FROM YOUR TRADITIONAL IRA DURING YOUR LIFE

(a) **10% Premature Distribution Tax.** You can make withdrawals from your Traditional IRA at any time. However, if you withdraw any of the funds in your Traditional IRA before age 59½, the amount includible in your gross income is also subject to an IRS 10% non-deductible premature distribution tax, unless the distribution meets an IRS exception. This 10% premature distribution tax does not apply to the portion of your Traditional IRA distribution that is not includible in your gross income (for example, amounts treated as a return of non-deductible contributions you made to your Traditional IRA). The following types of IRA distributions are not subject to this IRS distribution tax:

- (i) the withdrawal is made after your death or physician determined disability;
- (ii) the withdrawal is an exempt withdrawal of an excess contribution;
- (iii) the withdrawal does not exceed the amount of your deductible medical expenses for the year in which you made the withdrawal; generally, medical expenses paid during a year are deductible if they are not paid by health insurance and they exceed 7.5% of your adjusted gross income for that year;
- (iv) the withdrawal does not exceed the premiums you paid for medical insurance for yourself, your spouse and your dependents during the year; however, you must have been unemployed and received federal or state unemployment compensation payments for at least 12 weeks, and you must make the withdrawal during the year in which you received the unemployment compensation payments or during the following year, but not after you have been reemployed for at least 60 days;
- (v) the withdrawal is validly transferred or rolled over into another plan or Traditional IRA within 60 days;
- (vi) the withdrawal does not exceed certain eligible higher education expenses for yourself, your spouse, your child or grandchild. Eligible expenses include tuition, fees, books, supplies and equipment necessary for attending a qualified higher education institution. Room and board expenses may be eligible if the individual is attending at least half time;
- (vii) the withdrawal does not exceed qualified first-time homebuyer expenses incurred by you or your spouse, or a child, grandchild, parent or grandparent of you or your spouse. Qualified expenses include cost of acquisition or construction, including

normal financing or closing costs. You are considered a “first-time homebuyer” if you did not have (or, if you are married, neither you nor your spouse had) an ownership interest in a principal residence during the two years before the withdrawal in question. There is a lifetime limit (\$10,000) on qualified first-time homebuyer expenses for any one individual;

- (vii) the distribution is made pursuant to an IRS levy of the qualified plan; or
- (viii) the distribution is a qualified reservist distribution.

You are considered “disabled” for purposes of clause (i) if you can furnish proof that you are unable to engage in any substantial gainful activity because of your physical or mental condition. A physician must determine that your condition can be expected to result in death or to be of long, continued and indefinite duration.

You can receive distributions from your traditional IRA that are part of a series of substantially equal payments over your life (or your life expectancy), or over the lives (or joint life expectancies) of you and your beneficiary, without having to pay the 10% additional tax, even if you receive such distributions before you are age 59½. You must use an IRS-approved distribution method and you must take at least one distribution annually for this exception to apply.

The payments under this exception must generally continue until at least 5 years after the date of the first payment, or until you reach age 59½, whichever is later. If a change from an approved distribution method is made before the end of the appropriate period, any payments you receive before you reach age 59½ will be subject to the 10% additional tax. This is true even if the change is made after you reach age 59½. The payments will not be subject to the 10% additional tax if another exception applies or if the change is made because of your death or disability.

If, however, you are receiving a series of substantially equal periodic payments, you can make a one-time switch to the required minimum distribution method at any time without incurring the additional tax. Once a change is made, you must follow the required minimum distribution method in all subsequent years.

The exceptions to the 10% premature withdrawal penalty tax have a number of special rules and definitions; consult your tax advisor or the IRS for further details.

(b) Required Minimum Distribution. Traditional IRAs are subject to IRS required minimum distribution (“RMD”) rules starting when you reach age 70½. Serious tax penalties can result from failing to satisfy these rules, so it is important for you to understand the rules and to satisfy their requirements.

In the year you reach age 70½, you are required to receive minimum distributions from your IRA. If you have not withdrawn the total amount held in your Traditional IRA by the April 1 following the year in which you reach 70½ (your “Required Beginning Date”), you must commence minimum withdrawals in order to avoid penalty taxes. The RMD rules apply to all Traditional IRAs. The rule allowing certain employees to postpone distributions from an employer plan until actual retirement (even if this is after age 70½) does not apply to Traditional IRAs.

The first required distribution is for the calendar year in which you reach age 70. This minimum distribution must be withdrawn by April 1 of the following calendar year. A minimum distribution for each subsequent year must be withdrawn by December 31 of that year. For example, if you reach age 70½ during 2008, you must withdraw the required minimum distribution for 2008 no later than April 1, 2009. You must withdraw the required minimum distribution for 2009 by December 31, 2009, and the required minimum distribution for 2010

by December 31, 2010, etc.

IRS rules effective in 2002 make it easier for you to calculate your required minimum distribution. Under these rules an IRS uniform life expectancy table is used to determine required minimum distributions. The distribution period under the uniform table is the equivalent of the joint life expectancy of you and a beneficiary 10 years younger than you. (An actual joint life expectancy table may be used if your spouse is your sole beneficiary and is more than 10 years younger than you.) **The required minimum distribution amount for a year is determined by dividing the balance in your Traditional IRA (or IRAs) at the end of the prior year by your life expectancy as shown on the uniform table.** The life expectancy factor is determined using your attained age at the end of each distribution year. You are no longer required to elect whether or not to recalculate life expectancies because recalculation is built into the uniform table. Although the required minimum distribution rules have been, in some ways, simplified, they are still rather complex. Consult your tax adviser for assistance.

If you maintain more than one Traditional IRA, you must calculate the required minimum distribution separately for each Traditional IRA. However, you may withdraw the required minimum distribution amount from any of your Traditional IRAs; you do not have to withdraw the required minimum distribution for a particular Traditional IRA from that account.

If you fail to withdraw the required minimum for a year, you will have to pay a penalty tax. The penalty tax is 50% of the difference between the minimum withdrawal amount and your actual withdrawals during a year. The IRS may waive or reduce the penalty tax if you can show that your failure to make the required minimum withdrawals was due to reasonable cause and you are taking reasonable steps to remedy the problem.

You should consult your own tax or financial advisor with regard to the calculation of the amount of your minimum distribution each year because it is your responsibility to make sure that this requirement is met. Neither the Custodian nor the Service Company is required to advise you about required minimum distributions and will process a withdrawal from your Traditional IRA only in accordance with your specific instructions. If you do not instruct the Custodian to distribute an amount to you, the Custodian and the Service Company will assume that you are withdrawing the required minimum distribution from another IRA.

(c) Taxation of amounts paid to you. Amounts paid to you from your Traditional IRA are taxable as ordinary income, except that you recover your nondeductible Traditional IRA contributions, if any, tax free. The special tax rules that permit recipients of certain lump sum distributions from other tax-qualified retirement plans to get certain tax advantages (such as capital gains treatment or ten-year averaging) do not apply to distributions from Traditional IRAs.

(d) Non-deductible contributions. If you have ever made non-deductible contributions to any Traditional IRA, you are to use a special formula to determine the portion of the distribution that is excludible from ordinary income and not subject to taxation. The distribution amount excluded from income for the taxable year is determined by multiplying the amount withdrawn by a fraction, the numerator of which is your aggregate non-deductible Traditional IRA contributions remaining in all your Traditional IRAs and the denominator of which is the aggregate balance of all your Traditional IRAs at the end of the year plus the amount withdrawn during the year. For example, suppose an individual withdraws \$1,000 from a Traditional IRA to which both deductible and non-deductible contributions were made. At the end of the year, the account balance of all his or her Traditional IRAs is \$4,000, of which \$3,000 is non-deductible contributions. First, the individual would add the amount withdrawn back to the account balance, then divide the non-deductible contributions amount by the account balance with the withdrawal added back. This portion of the withdrawal

is considered a non-taxable withdrawal of prior non-deductible contributions. The amount excludible from income in this example is \$600 ($\$3,000/\$5,000 \times \$1,000$). It should also be pointed out that, in the event you receive a distribution from your Traditional IRA within the last 60 days of the calendar year, if this amount is not rolled over into another Traditional IRA by December 31 but after December 31 and before the 60th day after the distribution, this amount is to be added to the denominator of the fraction discussed above.

A loss in your Traditional IRA investment may be deductible. You should consult your tax adviser for further details on the appropriate calculation for this deduction if applicable.

(e) **Prior Law Penalty on Excessive Withdrawals.** Earlier tax laws imposed a penalty equal to 15% of withdrawals from all retirement accounts (including this and other IRAs, 401(k) or other employer retirement plans, 403(b) arrangements and others) in a year exceeding a specified amount (initially \$150,000 per year). Also, there was a 15% estate tax penalty on excess accumulations remaining in IRAs and other tax-favored arrangements upon your death. These 15% penalty taxes have been repealed.

(f) All withdrawals from Traditional IRAs are reported to the IRS by the IRA account custodians on Form 1099-R (as required). The Custodian completes Form 1099-R based on your Traditional IRA account held with the Custodian. You have the sole responsibility for correctly reporting all of your withdrawals on your tax return.

10. PAYMENTS FROM YOUR TRADITIONAL IRA AFTER YOUR DEATH

If you die before all the funds held in your Traditional IRA have been distributed, the remaining funds in the account will be distributed to your designated beneficiary either outright or periodically, as selected by such beneficiary. The Custodian will make distributions to your beneficiary in accordance with his or her specific instructions.

Your beneficiary should be aware that he or she is subject to minimum distribution rules and it is his or her responsibility to make sure that the rules are met.

(a) **Death After Required Beginning Date.** Under the post-death minimum distribution rules, if you die after your Required Beginning Date, the funds remaining in your Traditional IRA must generally be distributed to your designated beneficiary over the beneficiary's single life expectancy. Calculating the beneficiary's life expectancy is performed differently depending on whether the beneficiary is your surviving spouse or another person.

(b) **Death Prior to Required Beginning Date.** If you die prior to your Required Beginning Date, all the funds in your Traditional IRA must be completely distributed to your designated beneficiary by December 31 of the year containing the fifth anniversary of your death. As an alternative, your designated beneficiary may receive distributions from your Traditional IRA, starting no later than December 31 of the year following the year of your death, over a fixed period that is no longer than his or her single life expectancy. If the beneficiary does not start receiving life expectancy distributions by the December 31 deadline, the beneficiary must comply with the five-year distribution rule.

If your beneficiary is your surviving spouse, distribution of funds from your Traditional IRA can be made to him or her over a fixed period that is no longer than his or her life expectancy and commencing at any date prior to December 31 of the year in which you would have attained age 70½. In all instances, if your designated beneficiary is your surviving spouse, the spouse may also elect to rollover the funds in your Traditional IRA into his or her own account or treat your Traditional IRA as his or her own by making contributions to it. In this case, he or she is not required to make withdrawals from the Traditional IRA until April 1 following the year in which he or she reaches age 70½.

(c) General Information about the RMD Rules. The minimum distribution rules for beneficiaries are complex. Failure to satisfy the required minimum distribution rules may subject your beneficiary to an IRS penalty tax of 50% of the difference between the minimum required distribution and the amount actually distributed for a year (unless the IRS waives or reduces the penalty tax because the beneficiary shows that the failure was due to reasonable cause and the beneficiary is taking reasonable steps to remedy the problem). Your beneficiary should consult a qualified professional to insure that the rules are being satisfied. The Custodian or the Service Company will not calculate required minimum distributions, but will only process withdrawal requests as instructed by the beneficiary.

The designation of a beneficiary to receive funds from your Traditional IRA at your death is not considered a transfer subject to federal gift taxes. However, any funds remaining in your Traditional IRA at your death would be includible in your federal gross estate.

Be sure to keep your designation of beneficiary up-to-date as your personal or financial circumstances change. You may file a new designation of beneficiary form at any time with the Custodian. If no designation of beneficiary is in effect at your death, or if all designated beneficiaries have predeceased you, the balance in your account will be paid to your estate.

Selecting a beneficiary or beneficiaries can have important tax and financial planning implications. For example, special rules apply if you have multiple beneficiaries, or if you designate a beneficiary that is not an individual (for example, a trust or estate), or if you have no beneficiary. Also, depending on your individual situation, the required minimum distribution rules may be affected by distributions of a beneficiary's entire interest, or by a disclaimer filed by a beneficiary, or where there are multiple designated beneficiaries by establishing separate accounts for each one. In general, to affect how the minimum distribution rules apply, any such actions must be implemented by September 30 of the year following the year of your death. Consult a qualified professional for advice if needed, particularly if the Traditional IRA balance is substantial or if income tax planning for the designated beneficiaries is important. Also, be sure to consult a qualified professional if you live in a community or marital property state to be sure that your designation of beneficiary complies with legal requirements in those states.

11. TAX-FREE ROLLOVERS

(a) General Rules. Under certain circumstances, you can receive a distribution from a Traditional IRA, or from an employer's qualified plan, or from a tax-sheltered annuity or other arrangement under Section 403(b) of the Code, or from certain governmental deferred compensation plans under Section 457 of the Code, and transfer the amount received to a Traditional IRA without including the distribution in your income for federal income tax purposes. Such a "tax-free rollover" must be completed within 60 days after you receive the distribution. A transfer from a qualified plan or 403(b) arrangement or 457 plan directly to a Traditional IRA is a way to avoid the required 20% income tax withholding requirements. Most distributions from qualified plans or 403(b) accounts or certain 457 plans are subject to 20% withholding unless transferred directly to another qualified plan, 403(b) arrangement, 457 plan or Traditional IRA (this is called a "direct rollover").

Withdrawals from your Traditional IRA that are considered to include after-tax amounts (that is, amounts representing non-deductible contributions by you) may be rolled over only into another Traditional IRA, not other kinds of tax-deferred arrangements.

Effective for distributions on or after January 1, 2002, the IRS may waive the 60 day rollover period requirement and the applicable taxes if the IRS is convinced that there was reasonable cause for missing the deadline, such as casualty, disaster or other events beyond your reasonable control.

There are complex, specific rules for each kind of transfer and the 60 day rollover period requirement, so you should consult your tax advisor or the IRS if you have questions about the rules.

Rollover contributions are not subject to the limits on annual contributions to a Traditional IRA. However, all amounts in your Traditional IRA, including rollover contributions, are subject to the rules discussed above concerning the time and method of withdrawal.

(b) Traditional IRA-to-Traditional IRA Rollover. If you have a Traditional IRA, you can withdraw all or part of the amount in that account and transfer (or rollover) all or part of the amount withdrawn to another Traditional IRA. The amount rolled over will not be subject to federal income tax (or the 10% premature withdrawal penalty) if you complete the rollover within 60 days after the withdrawal. After a Traditional IRA-to-Traditional IRA tax-free rollover, you must wait at least a year before making another rollover from the same IRA. In addition, after Traditional IRA assets are rolled over from one IRA to another, a second rollover of the same assets cannot be made for a full year.

(c) Direct Transfer. As an alternative to a rollover, arrangements may be made for a direct transfer from one Traditional IRA custodian or trustee to another. The one-year waiting period does not apply to direct transfers from one Traditional IRA custodian or trustee to another.

(d) Rollovers from Qualified Plan, 403(b) Arrangement or 457 Plan to Traditional IRA. Most distributions from a qualified plan, 403(b) arrangement or governmental 457 plan are now eligible for rollover to a Traditional IRA. The main exceptions are:

- payments over the lifetime or life expectancy of the participant (or participant and a designated beneficiary),
- installment payments for a period of 10 years or more,
- required distributions under the age 70½ rules, and
- hardship withdrawals.

Under prior law, distributions of after-tax amounts (for example, distributions representing a return of any after-tax contributions you made to a plan if it permitted such contributions) could not be rolled over. Recently, the tax laws were changed to permit a rollover of after-tax amounts that are part of an eligible rollover distribution.

If you will receive an eligible distribution from a qualified plan, 403(b) account or governmental 457 plan account, you can defer paying taxes by requesting the plan administrator or 403(b) sponsor to transfer the distribution amount directly to a Traditional IRA in a direct rollover. Or, you may receive the distribution and roll it over to a Traditional IRA within 60 days after you receive the distribution. However, unless you elect a direct rollover of your distribution, the person making payment MUST WITHHOLD 20% OF YOUR DISTRIBUTION for federal income taxes. Your plan sponsor should provide you with a notice concerning direct rollovers, regular 60-day rollovers and withholding taxes before you receive your distribution.

(e) Traditional IRA to Employer-Sponsored Retirement Plans. You may roll over, directly or indirectly, any eligible rollover distribution from an IRA to an employer's qualified retirement plan, 403(b) arrangement, or governmental 457 deferred compensation plan. An eligible rollover distribution from a Traditional IRA is any taxable distribution from a Traditional IRA that is not a part of a required minimum distribution. The IRA does not have to be maintained as a conduit IRA in order to be eligible to roll over to an employer-sponsored retirement plan. Please consult your tax advisor about the conditions that apply to this type of rollover.

(f) Rollovers by a Surviving Spouse. If a surviving spouse receives a distribution from a qualified plan or 403(b) arrangement because of the employee-spouse's death, the surviving spouse may be able to defer income taxes by having all or a part of the distribution transferred directly to a Traditional IRA.

(g) Traditional IRA to a Roth IRA Rollover. You can convert an existing Traditional IRA into a Roth IRA if you meet the eligibility requirements described below. A conversion may be accomplished in any of three ways. First, you can withdraw the amount you want to convert from your Traditional IRA and roll it over to a Roth IRA within 60 days. Second, you can establish a Roth IRA and then direct the custodian of your Traditional IRA to transfer the amount you wish to convert to the new Roth IRA custodian. Third, if you want to convert an existing Traditional IRA to a Roth IRA with your current custodian, you may give us directions to convert; we will convert your existing account when the paperwork to establish your new Roth IRA is complete.

You are eligible to convert a Traditional IRA to a Roth IRA if, for the year of the conversion, your adjusted gross income (AGI) on your tax return is \$100,000 or less. The same limit applies to married and single taxpayers, and the limit is not indexed to cost-of-living increases. Married taxpayers are eligible to convert a Traditional IRA to a Roth IRA only if they file a joint income tax return; married taxpayers filing separately are not eligible to convert. However, if you file separately and have lived apart from your spouse for the entire taxable year, you are considered unmarried, and the fact that you are filing separately will not prevent you from converting.

If you accomplish a conversion by withdrawing from your Traditional IRA and rolling over to a Roth IRA within 60 days, the conversion eligibility requirements in the preceding paragraph apply to the year of the withdrawal (even though the rollover contribution may occur in the following calendar year).

(For more information on converting or rolling over into a Roth IRA, see the Disclosure Statement for Roth IRAs on pages 24-26 below.)

(h) Rules Applicable to All Rollovers. The following general rules apply to all rollovers: (i) rollovers or transfers cannot include any amount you are required to receive for the year from a qualified plan or Traditional IRA under the required minimum distribution rules; (ii) under current rules, you must either receive a RMD distribution prior to the transfer (or rollover) or retain the RMD amount in the original IRA and withdraw it by your applicable distribution date; (iii) the rollover deposit must represent an eligible rollover distribution (from your IRA or employer's qualified retirement plan); (iv) if you want to keep track of rollover amounts separately, the Traditional IRA you set up to receive "rollover" amounts should be separate from a Traditional IRA you set up to receive annual contributions; however, starting in 2002, there is no longer a requirement for you to maintain a conduit IRA to hold a rollover from an employer-sponsored retirement plan; (v) rollover amounts you receive may not be deposited in your spouse's Traditional IRA or deducted on your federal income tax return; and (vi) strict limitations apply to rollovers, and you should consider a variety of tax and financial planning issues in determining whether to make a rollover contribution. You should consult your own tax or financial advisor regarding these matters. Consulting a qualified professional advisor is especially important if you are making a rollover in the year you reach age 70½ or a subsequent year to avoid violating the minimum distribution rules by mistake.

(i) All withdrawals from Traditional IRAs are reported to the IRS by the accounts' custodians on Form 1099-R (as required). The Custodian completes Form 1099-R based on your Traditional IRA account held with the Custodian. You have the sole responsibility for correctly reporting withdrawals on your tax return.

Important: Please see **Disclosure Statement for All IRAs**, beginning on page 27 below, which contains important information applicable to **all** IRAs.

DISCLOSURE STATEMENT FOR ROTH IRAS

A Roth IRA is a trust or custodial account established for you (and your beneficiaries) in which the amounts contributed are **not deductible** on your federal income tax return, but any earnings accumulate tax-free. If certain conditions are satisfied, withdrawals made from a Roth IRA may also be made tax free.

Please note that state tax treatment of your Roth IRA earnings and withdrawals may differ from federal treatment. You should consult your tax advisor for information regarding tax laws applicable in your state.

In addition to the requirements found in the Disclosure Statement for All IRAs, current law requires that your Roth IRA agreement be in writing and be designated as a Roth IRA. Your contributions must be in cash, and, for any taxable year, cannot exceed the lesser of 100% of your compensation or the IRA annual contribution limit, unless the contribution is a rollover or conversion from a Traditional IRA or another Roth IRA. (See **Limit on Annual Contributions** below for more information about contributions to your Roth IRA.)

Unless you are a taxpayer with an adjusted gross income (“AGI”) over \$100,000, in general you should be able to convert a Traditional IRA into a Roth IRA. The total amount converted will be taxed as income in the year in which it is converted, but any earnings will accumulate, and qualified withdrawals may be made, tax free. (See **Rollovers** below for more information about converting your Traditional IRA to a Roth IRA.)

1. ELIGIBILITY

You are eligible to make annual contributions to a Roth IRA if you receive compensation from employment, earnings from self-employment, or alimony.

Also, you may contribute to a different Roth IRA, established by your spouse and called a “spousal Roth IRA,” out of your compensation or earned income for any year. To contribute to a spousal Roth IRA, you and your spouse must file a joint tax return for the taxable year. Your spouse must establish a separate spousal Roth IRA to receive the contributions.

Unlike Traditional IRAs, you may continue (or open and begin) to make contributions to your Roth IRA (or a spousal Roth IRA) even after you (or your spouse) reach age 70½.

Additionally, you may transfer funds from one Roth IRA to another Roth IRA in a rollover. Also, you may convert a Traditional IRA to a Roth IRA by withdrawing from the Traditional IRA and then rolling over to a Roth IRA within 60 days. Such rollovers are described in section 8 below.

2. LIMIT ON ANNUAL CONTRIBUTIONS

(a) You can make annual contributions to your Roth IRA of up to the IRA annual contribution limit, or 100% of your compensation or earned income, whichever is less, subject to the limitations on contributions (see the table below). Important: Your total contribution to all Roth and Traditional IRAs cannot exceed the annual limits listed below.

ROTH IRA ANNUAL CONTRIBUTION LIMITS

YEAR	LIMIT
2007	\$4,000
2008	\$5,000
2009 and future years	\$5,000 increased by cost-of-living adjustments

(b) Beginning in 2002, if you are age 50 or older by the end of any year, you may make special “catch-up” contributions to your Roth IRA for that year in addition to the normal contribution. For 2002 through the end of 2005, the maximum special “catch-up” contribution was \$500 per year. From 2006 on the maximum special “catch-up” contribution has been \$1,000 per year. If you are age 50 or older by the end of a year, your catch-up limit is added to your IRA annual contribution limit (see the above table) for that year.

Although these are called “catch-up” contributions, they are available to anyone age 50 or older, whether or not they have previously contributed to a Roth IRA.

Note that the rules on contribution limits for Roth IRAs (see below) apply to special “catch-up” contributions.

(c) If each spouse has at least an amount equal to the annual contribution limit in compensation or earned income, each may make the maximum contribution to his or her individual Roth IRA, a total of up to twice the annual limit in Roth IRA contributions for the couple (subject to the limitations discussed in (g) below). However, if one spouse has less than the contribution limit in compensation or earned income, but both spouses together have twice the annual limit or more in compensation or earned income, it may be advantageous to use spousal Roth IRAs to maximize contributions (see (d) immediately below).

(d) You may also contribute up to the annual limit per account per year or 100% of joint compensation or earned income, whichever is less, to your own Roth IRA and a spousal Roth IRA for your spouse. (Amounts contributed can be divided between the two Roth IRAs as you choose, as long as no more than the annual limit is contributed to either Roth IRA.)

If the combined annual compensation for you and your spouse for a year is less than twice the annual limit, the spouse with the greater annual income may contribute up to his or her compensation amount, or the annual limit, whichever is less. The other spouse may contribute up to his or her compensation limit, plus the difference between the other spouse’s compensation and contribution, if any.

(e) The maximum amount that can be contributed to all IRAs (Roth and Traditional) in a year is the annual contribution limit for an individual and twice the annual contribution limit for a married couple (with a spousal Roth IRA). The amount that may be contributed to your Roth IRA is always reduced by any amount that you have contributed to your Traditional IRAs for the year.

Note: Contributions to Roth IRAs are not reduced by the amount of contributions made to either a SEP IRA or a SIMPLE IRA. Current tax rules treat these amounts as having been contributed by your employer and will not affect your IRA contribution limit.

(f) You may make annual contributions to your Roth IRA (or establish a new Roth IRA) and/or spousal Roth IRA anytime during a year, up to and including the due date (not including

extensions) for filing your federal income tax return for that year. If you intend to report contributions made to your Roth IRA between January 1 and April 15 as contributions for your prior tax year, you should clearly indicate on the Account Application that such contributions have been made on account of such prior tax year. Otherwise, the Custodian will treat the contribution as a contribution for the current tax year.

(g) The amount you or your spouse may contribute to a Roth IRA is limited, based on your tax filing status and your (and your spouse’s) AGI. For purposes of determining Roth IRA contribution limits, AGI is based on income reported on your federal tax Form 1040 or 1040A, with the following two adjustments: (i) including in AGI any deductible amount contributed to a Traditional IRA, and (ii) not including any amount converted or rolled over from a Traditional IRA to a Roth IRA even though this results in additional income on your tax return. Contribution limits to Roth IRAs are based on AGI levels, as follows:

ROTH IRA CONTRIBUTION LIMITS — AGI LEVELS

2007

Filing Status	Full Contribution	Reduced Contribution	No Contribution
Single	Up to \$99,000	\$99,000 but less than \$114,000	\$114,000 or more
Married*	Up to \$156,000	\$156,000 but less than \$166,000	\$166,000 or more

2008

Filing Status	Full Contribution	Reduced Contribution	No Contribution
Single	Up to \$101,000	\$101,000 but less than \$116,000	\$116,000 or more
Married*	Up to \$159,000	\$159,000 but less than \$169,000	\$169,000 or more

*Note: Figures are for married filing jointly only. If you are married filing separately, your ability to contribute to a Roth IRA phases out at AGI levels between \$0 and \$10,000, and is lost entirely with AGI of \$10,000 or above.

In general, if your AGI falls in the “Reduced Contribution” range, your ability to contribute to your Roth IRA is phased out at a rate of 6.67% of the maximum annual contribution per \$1,000 of AGI for single individuals, and 10% of the maximum annual contribution per \$1,000 of AGI for married joint filers (and married filing separately), in excess of the phase out threshold (the AGI level at which the contribution limit goes from **Full Contribution** to **Reduced Contribution** in the table above).

When calculating your reduced Roth IRA contribution limit, you always round up to the

next highest \$10. Therefore, your contribution limit is always a multiple of \$10. In addition, if your adjusted gross income is within the **Partial Contribution** range and your reduced contribution limit is more than \$0 but less than \$200, you are permitted to contribute up to \$200.

If AGI exceeds the **No Contribution** levels for a particular year, then you may not contribute to a Roth IRA for that year. As specified above, for 2007 that level is \$114,000 for single filers, \$166,000 for married joint filers; for 2008, that level is \$116,000 for single filers, \$169,000 for married joint filers.

The Roth IRA Annual Contribution Limit is reduced by any contributions for the same year to a Traditional IRA (but not for contributions made to a SEP IRA or SIMPLE IRA). If you fall in the Reduced Contribution Range, the reduction formula applies to the Roth IRA contribution limit left after subtracting your contribution for the year to a Traditional IRA.

3. DEDUCTIBILITY OF CONTRIBUTIONS

Unlike contributions to a Traditional IRA, contributions to your Roth IRA are not tax deductible for federal income tax purposes.

4. TAX CREDIT FOR CONTRIBUTIONS

Certain taxpayers may be eligible to take a credit on their federal income tax returns for a portion of their Roth IRA contributions. The amount of the credit depends upon your adjusted gross income. For 2008, the credit phases out and is not available to taxpayers with adjusted gross income exceeding \$53,000 (married filing jointly), \$39,750 (filing as a head of household), or \$26,500 (single filer or married taxpayer filing separately). This credit is explained in more detail starting on page 27 below.

5. EXCESS CONTRIBUTIONS

(a) The maximum contribution you can make to a Roth IRA generally is the annual contribution limit or 100% of compensation or earned income, whichever is less, reduced by the amount of any contribution to a Traditional IRA for the same year. This may be further reduced if you have relatively high AGI, as discussed above. Any amount, excluding conversion and rollover amounts, contributed to the Roth IRA above the maximum that applies for the year is an “excess contribution” for that year.

(b) A taxpayer is subject to a 6% excise tax on any excess contributions made to a Roth IRA. This tax applies for each year in which the excess contribution remains in the Roth IRA.

(c) **Correction Before Tax Filing Deadline.** You can correct the excess without paying the 6% penalty by withdrawing the excess and any earnings on the excess before the due date (including extensions) for filing your federal income tax return for the year for which you made the excess contribution. Upon removing the excess contribution in this manner, the net earnings on the excess must be included in your income for the tax year for which the contribution was made and may be subject to a 10% premature withdrawal tax if you have not reached age 59½ (unless an exception to the 10% penalty tax applies). (Refer to IRS Publication 590 or consult with your tax advisor to see how earnings may be adjusted to reflect gain or loss.)

(d) **Correction After Tax Filing Deadline.** Any excess contribution not withdrawn by the tax return due date (including any extensions) for the year for which the contribution was made will be subject to the 6% excise tax. There will be an additional 6% excise tax for each subsequent year the excess remains in your account. In subsequent years, you may reduce the excess contributions in your account by simply making a withdrawal equal to the excess. Earnings need not be withdrawn. To the extent that no earnings are withdrawn, the withdrawal will not be subject to income taxes or possible penalties for premature withdrawals before age 59½.

(e) **Reduced Contributions in Later Years.** Excess contributions may also be corrected in a subsequent year if you contribute less than your Roth IRA contribution limit for that subsequent year. This is known as a “make-up” contribution and is allowed only to the extent that you “under-contribute” in the later year. As the prior excess contribution is reduced or eliminated, the 6% excise tax will become correspondingly reduced or eliminated for subsequent tax years.

6. TAX ON WITHDRAWALS FROM YOUR ROTH IRA

(a) **Qualified (Tax-Free) Withdrawals.** You can make withdrawals from your Roth IRA at any time and the principal amounts that you contribute are always available to be withdrawn by you tax-free. Withdrawals of amounts considered earnings or growth will also be tax-free if the following requirements are met: (i) the withdrawal must be made after any Roth IRA account you maintain has been open for at least 5 years (the Roth IRA you are withdrawing from does not have to meet the 5-year rule as long as you have another Roth IRA that has been open for at least 5 years), and (ii) either you must be 59½ or older or one of the following must be true:

- (i) the withdrawal is made after your death or physician-determined disability;
- (ii) the withdrawal does not exceed qualified first-time homebuyer expenses incurred by you or your spouse, or a child, grandchild, parent or grandparent of you or your spouse. Qualified expenses include cost of acquisition or construction, including normal financing or closing costs. You are considered a “first-time homebuyer” if you had (and your spouse had if you are married) no ownership interest in a principal residence during the two years before the withdrawal in question. There is a lifetime limit of \$10,000 on qualified first-time homebuyer expenses for any one individual.

You are considered “disabled” for purposes of clause (i) if you can furnish proof that you are unable to engage in any substantial gainful activity because of your physical or mental condition. A physician must determine that your condition can be expected to result in death or to be of long, continued, and indefinite duration.

For a Roth IRA that you opened and to which you made annual contributions, the 5-year period for a tax-free withdrawal starts with the year for which you made the initial contribution. For Roth IRAs started with amounts converted or rolled-over from a non-Roth IRA, the 5-year period for tax-free withdrawals begins with the year when you made the conversion or rollover. If you have more than one Roth IRA, once the 5-year period is completed for any of your Roth IRAs, it is considered to be completed for all of your Roth IRAs. (Note: A special exception to this 5 year rule applies to conversion amounts. If you converted a Traditional IRA to a Roth IRA and then make a withdrawal that is treated as coming from the converted amount before 5 years have elapsed from the year of the conversion, a 10% early withdrawal penalty may apply.)

(b) **Non-qualified (Taxable) Withdrawals.** If the requirements for a tax-free withdrawal are not met: (i) a withdrawal consisting of your own prior **contribution** amounts to your Roth IRA will not be considered taxable income in the year you receive it, nor will the 10% penalty apply, and (ii) a withdrawal that is **considered dividends or gains** on your contributions while in your Roth IRA is includible in your gross income in the taxable year you receive it, and may be subject to a 10% withdrawal penalty.

Tax treatment of withdrawals from your Roth IRA is based on the “character” of the amounts withdrawn. For these purposes all of your Roth IRA accounts are considered as one single account (including any Roth IRAs you have established with another custodian). The “character” of the amount withdrawn depends on the type of contribution from which the withdrawal is considered to be made. IRS rules dictate that all withdrawals are deemed to be made in the following order:

- First, from annual contributions until they are all considered to have been withdrawn.
- Second, from all conversion amounts (on a first-in, first-out basis) until they are all considered to have been withdrawn.
- Third, from earnings (including dividends and gains).

A withdrawal characterized as being from annual contributions will not be considered taxable income in the year you receive it, and it will not be subject to the 10% penalty. A withdrawal characterized as coming from amounts converted is also not considered to be taxable income in the year of the withdrawal, and is also not subject to the 10% premature withdrawal penalty. This is because income taxes are payable on the taxable amount converted when you converted the amount. (The 10% penalty may apply if you withdraw amounts characterized as conversion amounts before 5 years have elapsed since the conversion. See section 6(a) on page 20.)

Taxable withdrawals of dividends and gains from a Roth IRA are included in ordinary income in the year withdrawn, and may be subject to the 10% early withdrawal penalty. Withdrawals of taxable amounts from a Roth IRA are not eligible for averaging treatment currently available to certain lump sum distributions from qualified employer-sponsored retirement plans, nor are such withdrawals eligible for capital gains tax treatment.

Your receipt of any **taxable withdrawal** from your Roth IRA before you attain age 59½ generally will be considered a premature withdrawal and subject to an **IRS 10% penalty tax**. The 10% penalty tax will not apply if any of the following exceptions applies:

- (i) the withdrawal is made after your death or physician determined disability;
- (ii) the withdrawal is an exempt withdrawal of an excess contribution with earnings;
- (iii) the withdrawal does not exceed the amount of your deductible medical expenses for the year in which you made the withdrawal; generally, medical expenses paid during a year are deductible if they are not paid by health insurance and they exceed 7.5% of your adjusted gross income for that year;
- (iv) the withdrawal does not exceed the premiums you paid for medical insurance for yourself, your spouse and your dependents during the year; however, you must have been unemployed and received federal or state unemployment compensation payments for at least 12 weeks, and you must make the withdrawal during the year in which you received the unemployment compensation payments or during the following year, but not after you have been reemployed for at least 60 days;
- (v) the withdrawal is validly transferred or rolled over into another Roth IRA within 60 days;
- (vi) the withdrawal does not exceed certain eligible higher education expenses for yourself, your spouse, your child or grandchild. Eligible expenses include tuition, fees, books, supplies and equipment necessary for attending a qualified higher education institution. Room and board expenses may be eligible if the individual is attending at least half time;
- (vii) the withdrawal does not exceed qualified first-time homebuyer expenses incurred by you or your spouse, or a child, grandchild, parent or grandparent of you or your spouse. Qualified expenses include cost of acquisition or construction, including normal financing or closing costs. You are considered

a “first-time homebuyer” if you did not have (or, if you are married, neither you nor your spouse had) an ownership interest in a principal residence during the two years before the withdrawal in question. There is a lifetime limit of \$10,000 on qualified first-time homebuyer expenses for any one individual;

- (viii) the distribution is made pursuant to an IRS levy of the qualified plan; or
- (ix) the distribution is a qualified reservist distribution.

The 10% penalty tax may also apply (unless there is an exception) if an amount from a non-Roth IRA is converted to a Roth IRA and then a withdrawal of this converted amount is made within 5 years after the conversion. This rule is an exception to the usual Roth IRA rule that once the 5 year requirement is satisfied for one Roth IRA, it is satisfied for all Roth IRAs.

The 10% premature distribution tax discussed above does not apply to the portion of your Roth IRA distribution which is not includible in your gross income.

You can receive distributions from your Roth IRA that are part of a series of substantially equal payments over your life (or your life expectancy), or over the lives (or joint life expectancies) of you and your beneficiary, without having to pay the 10% additional tax, even if you receive such distributions before you are age 59½. You must use an IRS-approved distribution method and you must take at least one distribution annually for this exception to apply.

The payments under this exception must generally continue until at least 5 years after the date of the first payment, or until you reach age 59½, whichever is later. If a change from an approved distribution method is made before the end of the appropriate period, any payments you receive before you reach age 59½ will be subject to the 10% additional tax. This is true even if the change is made after you reach age 59½. The payments will not be subject to the 10% additional tax if another exception applies if the change is made because of your death or disability.

If, however, you are receiving a series of substantially equal periodic payments, you can make a one-time switch to the required minimum distribution method at any time without incurring the additional tax. Once a change is made, you must follow the required minimum distribution method in all subsequent years.

The exceptions to the 10% premature withdrawal penalty tax have a number of special rules and definitions; consult your tax advisor or the IRS for further details.

All withdrawals from Roth IRAs are reported to the IRS by the account custodian on Form 1099-R (as required). The Custodian completes Form 1099-R based on your Roth IRA account held with the Custodian. Since all Roth IRAs are considered together when determining the tax treatment of any withdrawal, and since you may have Roth IRAs with other custodians, you have the sole responsibility for correctly reporting withdrawals on your tax return.

To accurately maintain records and complete required tax forms, you may be required to establish separate Roth IRAs to hold annual contributions and conversion amounts. You may also be required to establish separate Roth IRAs for amounts converted in different calendar years. These requirements will be noted in the adoption agreement for your Roth IRA or you may be advised of these requirements in writing by the Custodian or the Service Company. Separate accounts may be needed due to recordkeeping system requirements. If such separate Roth IRAs are not necessary, you may commingle annual contribution amounts and conversion amounts in a single Roth IRA account.

7. REQUIRED PAYMENTS FROM YOUR ROTH IRA

(a) **During your Lifetime.** Unlike a Traditional IRA, the minimum distribution rules do not apply to Roth IRAs, so you are not required to begin receiving distributions from your Roth IRA account when you reach age 70½.

(b) **After your Death.** If you die before all the funds held in your Roth IRA have been withdrawn, the following rules apply:

- (i) If you die and your beneficiary is not your surviving spouse, your beneficiary's withdrawals will either be tax-free or subject to income taxes depending on whether or not the requirements for a qualified tax-free withdrawal are met. If the requirements are not met, the amount of tax owed will depend on the character of the contribution withdrawn, using the ordering rules discussed above, except that the Roth IRAs owned by your beneficiary in his or her own right are not taken into account. The 10% premature withdrawal penalty will not apply because withdrawals following your death are an exception to the 10% penalty tax (see above).
- (ii) After your death, there are IRS rules on the timing and amount of distributions. In general, the amount in your Roth IRA must be distributed by the end of the fifth year after your death. However, distributions to a designated beneficiary that begin by December 31 of the year following the year of your death and that are paid over the life expectancy of the beneficiary satisfy the rules. If the beneficiary does not start receiving life expectancy distributions by the December 31 deadline, the beneficiary must comply with the five year distribution rule. Also, if your surviving spouse is your designated beneficiary, the spouse may defer the start of distributions until you would have reached age 70½ had you lived.
- (iii) If your surviving spouse is the beneficiary, the surviving spouse may elect either to receive withdrawals as a beneficiary, or to treat your Roth IRA as the surviving spouse's own Roth IRA.
 - A) If the surviving spouse elects to receive withdrawals as a beneficiary, the rules discussed in the preceding paragraph (ii) will apply to the surviving spouse.
 - B) If the surviving spouse elects to treat your Roth IRA as the surviving spouse's own, the following rules apply:

the surviving spouse will be treated as having had a Roth IRA for five years (one of the requirements for tax-free withdrawals) if either your Roth IRA or any of the surviving spouse's Roth IRAs have been established for at least five years; and all nonqualified, taxable withdrawals will be subject to the 10% penalty tax unless an exception applies to the spouse. (This is so because the surviving spouse has elected to treat our Roth IRA as his or her own Roth IRA and thus the exception for payments following death does not apply.)
- (iv) If you die before your entire account has been withdrawn and if the beneficiary is other than your surviving spouse, no additional cash contributions or rollover contributions may be accepted in the account.
- (v) Failure to satisfy the required minimum distribution rules may subject your beneficiary to an IRS penalty tax of 50% of the difference between the minimum required distribution and the amount actually distributed for a year

(unless the IRS waives or reduces the penalty tax because the beneficiary shows the failure was due to reasonable cause and the beneficiary is taking reasonable steps to remedy the problem).

- (vi) The designation of a beneficiary to receive funds from your Roth IRA at your death is not considered a transfer subject to federal gift taxes. However, any funds remaining in your Roth IRA at your death would be includible in your federal gross estate.
- (vii) Be sure to keep your designation of beneficiary up-to-date as your personal or financial circumstances change. You may file a new designation of beneficiary form at any time with the Custodian. If no designation of beneficiary is in effect at your death, or if all designated beneficiaries have predeceased you, the balance in your account will be paid to your estate.
- (viii) Selecting a beneficiary or beneficiaries can have important tax and financial planning implications. In addition, the minimum distribution rules that apply following your death are complex. For example, special rules apply if you have multiple beneficiaries, or if you designate a beneficiary that is not an individual (for example, a trust or estate), or if you have no beneficiary. Also, depending on your individual situation, how the required minimum distribution rules apply may be affected by distributions of a beneficiary's entire interest, or by a disclaimer filed by a beneficiary, or where there are multiple designated beneficiaries by establishing separate accounts for each one. In general, to affect how the minimum distribution rules apply, any such actions must be implemented by September 30 of the year following the year of your death. Consult a qualified professional for advice if needed, particularly if the IRA balance is substantial or if income tax planning for the designated beneficiaries is important. Also, be sure to consult a qualified professional if you live in a community or marital property state to be sure that your designation of beneficiary complies with legal requirements in those states.

8. ROLLOVERS, CONVERSIONS, AND RECHARACTERIZATIONS

(a) **General Rules.** You may rollover any amount from an existing Roth IRA to another Roth IRA. Under certain circumstances, you may also convert an existing Traditional IRA to a Roth IRA.

There are complex, specific rules governing rollovers and conversions, so you should consult your tax advisor or the IRS if you have questions about the rules.

Rollover contributions are not subject to the limits on annual contributions to a Roth IRA. However, all amounts in your Roth IRA, including rollover amounts, are subject to the rules discussed above concerning withdrawals.

(b) **Roth IRA-to-Roth IRA Rollover.** If you have a Roth IRA, you can withdraw all or part of the amount in that account and transfer all or part of the amount withdrawn to another Roth IRA. Any taxable amount rolled over will not be subject to Federal income tax (or the 10% premature withdrawal penalty) if you complete the rollover within 60 days after the withdrawal. After a Roth IRA-to-Roth IRA tax-free rollover, you must wait at least one year before making another Roth IRA-to-Roth IRA rollover from the same Roth IRA. In addition, after Roth IRA assets are rolled over from one IRA to another, a second rollover of the same assets cannot be made for a full year.

(c) **Direct Transfer.** As an alternative to a rollover, arrangements may be made for a direct transfer from one Roth IRA custodian or trustee to another. The one-year waiting period does not apply to direct transfers from one Roth IRA custodian or trustee to another.

(d) **Rollovers from a Qualified Plan, 403(b) Arrangement or Governmental Section 457 Plan.** Direct rollovers from a qualified plan, 403(b) arrangement or governmental Section 457 Plan to a Roth IRA are **not** allowed.

(e) **Traditional IRA to a Roth IRA Rollover/Conversion.** You may convert an existing Traditional IRA into a Roth IRA if your adjusted gross income (“AGI”) for the year of the conversion is \$100,000 or less. (AGI is your income reported on Form 1040 or 1040A reduced by the taxable amount converted. This limit applies to both married and single taxpayers, and the limit is not indexed for cost of living increases.)

- (i) Required minimum distributions from your Traditional IRAs if you are age 70½ or over may **never** be converted to a Roth IRA.
- (ii) A married taxpayer is eligible to convert or rollover a Traditional IRA to a Roth IRA only if a joint tax return is filed; married taxpayers who file separately are not eligible to convert or roll over from a Traditional IRA to a Roth IRA. (Note: A special rule permits married individuals who have lived apart for the entire tax year to convert from a Traditional IRA to a Roth IRA even if they file separate tax returns.) You may convert an existing Traditional IRA with the Custodian to a Roth IRA by completing and filing the appropriate documents (a new Account Application and Adoption Agreement designating the new IRA as a Roth IRA). This will not involve a change of investments. If you have a Traditional IRA with another custodian or trustee, you may complete an Account Application and Adoption Agreement establishing a Roth IRA with the Custodian, and you may either withdraw the amount in the other Traditional IRA and roll it over to your new Roth IRA with the Custodian within 60 days (subject to the restrictions on rollovers) or you may complete a Transfer Authorization/Letter of Acceptance directing your current Traditional IRA custodian or trustee to transfer the desired amount to your new Roth IRA with the Custodian. If you withdraw amounts from a Traditional IRA at or near the end of one calendar year and complete a rollover within 60 days of the withdrawal, the conversion will be treated as completed during the calendar year in which the withdrawal occurred, even if the rollover is completed in the following calendar year. (However, the five year waiting period for qualified non-taxable withdrawals will commence in the year of the rollover deposit.)
- (iii) The taxable amount you convert or rollover from a Traditional IRA to a Roth IRA is considered taxable income for the year in which the transaction occurred.

Unless you elect otherwise, the IRS withholding rules **will apply** to amounts converted from a Traditional IRA (or SEP IRA or SIMPLE IRA — see below) to a Roth IRA. **Note:** Withholding income tax from converted amounts may have a negative impact on the Roth IRA’s earnings potential. Consult your financial advisor to determine whether a conversion makes sense for you and whether you should pay taxes from other funds you have in order to convert the entire Traditional IRA and thereby maximize the potential benefits of converting.

(f) **Recharacterization.** A conversion can be undone — recharacterized — by notifying

the custodian or trustee of each IRA (the custodian of the first IRA — the Traditional IRA you converted — and the custodian of the second IRA — the Roth IRA that received the conversion) before the due date (including any extensions you receive) for filing your federal income tax return for the year of the conversion. The amount you want to recharacterize by transferring back to the first custodian is treated for income tax purposes as if it had not been converted; i.e., it is recharacterized as a Traditional IRA.

However, the transfers involved in the original conversion and in the transfer back are reportable to the IRS by the Custodian. This process is referred to as a “recharacterization.” Net income on the amount recharacterized must accompany it back to the Traditional IRA.

Current rules permit you to recharacterize for any reason whatsoever. (Also, recharacterization is not restricted to amounts converted from a Traditional IRA to a Roth IRA. Annual contributions made to a Traditional IRA may, for example, be recharacterized as contributed to a Roth IRA, or vice versa.) The election to recharacterize must be made by the due date for filing your federal tax return for the year.

If you convert and then recharacterize at any time during a year, you may not convert the recharacterized amount to a Roth IRA again until the later of (i) the year following the year of the original conversion, or (ii) the 31st day after the recharacterization. If a Traditional IRA is converted to a Roth IRA and then recharacterized back to a Traditional IRA, the recharacterized amount cannot be converted to a Roth IRA again until the beginning of the next tax year after your conversion, or the 31st day after the recharacterization, whichever is later.

Any attempted conversion made during the prohibited period (that is, prior to the later of the beginning of the year after the original conversion or the 31st day after the recharacterization) will be invalid, and may be subject to penalties. However, these penalties can be avoided if the amounts are recharacterized back to the Traditional IRA.

If you convert from a Traditional IRA to a Roth IRA and then recharacterize because you did not meet the eligibility requirements (for example, your AGI was more than \$100,000 or you were married and filed separately), this recharacterization does count when determining the total number of recharacterization-conversions you may complete. However, if a conversion fails only because it follows a recharacterization and is made within the prohibited period, it is not counted for purposes of computing a new prohibited period. For example, if you converted a Traditional IRA to a Roth IRA in June, 2002 and then recharacterized in September, 2002 and then converted the account to a Roth IRA again in December, 2002, the second conversion must be recharacterized to avoid penalties since it was made during the prohibited period. Once recharacterized, however, you may have converted to a Roth IRA again after January 1, 2003 (even though this conversion would have been performed before the end of the 30-day period after the recharacterization of the December conversion).

Caution: These rules are complex. Neither the Service Company nor the Custodian nor their affiliates are tax advisors and they do not provide tax advice. **You should consult a competent tax professional for assistance and tax advice.** Also, the IRS has changed the recharacterization/conversion rules several times and may change them again. Always check with your tax advisor for the latest developments and advice on how these rules apply in your individual situation.

Important: Please see **Disclosure Statement for All IRAs**, on the following page, for important information applicable to all Domini Social Investments IRAs.

DISCLOSURE STATEMENT FOR ALL IRAS

1. GENERAL INFORMATION

All IRAs must meet certain requirements. Contributions generally must be made in cash by check or wire. The IRA trustee or custodian must be a bank or other person who has been approved by the Secretary of the Treasury. Your contributions may not be invested in life insurance or collectibles or be commingled with other property except in a common trust or investment fund. Your interest in the account must be nonforfeitable at all times. You may obtain further information on IRAs from any district office of the Internal Revenue Service, at the website of the Internal Revenue Service, www.irs.gov, and IRS Publication 590. Please consult a tax advisor for tax advice and an attorney for legal advice.

2. RIGHT TO REVOKE

You have the right to revoke your Traditional IRA or Roth IRA as described on page 2 above.

3. FEDERAL TAX CONCERNS

(a) Deductible and non-deductible contributions to your Traditional IRA or Roth IRA are reported by you on your IRS Form 1040 or Form 1040A. You may choose to file your federal income tax return before it is due (without extensions) and report your Traditional IRA or Roth IRA contributions before they are made. You must, however, make the contributions by the due date (without extensions) of such return. To the extent that your contribution to your Traditional IRA is deductible, you may claim a deduction on your tax return.

Contributions to a Roth IRA are never deductible. To the extent your contribution to your Traditional IRA is not deductible, you must designate it on Form 8606. There is a \$100 penalty each time you overstate the amount of your non-deductible contributions unless you can prove that the overstatement was due to reasonable cause. You must also report distributions received from your Traditional IRA or Roth IRA, and any conversions or recharacterizations, on Form 8606 in any year in which you make any of these transactions. If you fail to file a required Form 8606, there is a \$50 penalty for each such failure unless you can prove the failure was due to a reasonable cause. (Note: The IRS may adopt additional reporting requirements for either Traditional IRAs or Roth IRAs. Check with the IRS or your tax advisor, or check the instructions with your IRS Form 1040 or Form 1040A.)

(b) **Special Note:** This Disclosure Statement briefly discusses effects and requirements of the federal income tax laws. You should check with your tax advisor or state and local revenue or tax departments with regard to the applicable tax laws of your state and locality. In some states, state income tax treatment of contributions or distributions from an IRA are different from the federal treatment (which is generally described in this booklet).

(c) IRS Form 5329 is required as an attachment to Form 1040 (or separately if you do not file a Form 1040) for any year that contribution limits are exceeded, a premature distribution takes place, less than the required minimum amount is distributed from a Traditional IRA, or a prohibited transaction (described in section 4 below) takes place.

(d) If you make contributions to an IRA, you may be eligible for a tax credit, called the “saver’s credit,” of up to \$1000. This credit could reduce any federal income tax you pay dollar-for-dollar. The amount of the credit you get is based on the contributions you make and your credit percentage. The credit percentage can be as low as 0% or as high as 50%, depending on your adjusted gross income — the lower your income, the higher the credit percentage. The credit percentage also depends on your filing status. See the tables below to determine your credit percentage.

The maximum contribution taken into account for the credit for an individual is \$2,000, and, therefore, an individual's credit cannot exceed \$1000. If you are married filing jointly, the maximum contribution taken into account for the credit is \$2,000 each for you and your spouse.

The credit is available to you if you:

- Are 18 or older,
- Are not a full-time student,
- Are not claimed as a dependent on someone else's return, and
- Have adjusted gross income (shown on your tax return for the year of the credit) that for 2008 does not exceed:
 - \$53,000 if you are married filing jointly,
 - \$39,750 if you are a head of household, or
 - \$26,500 if you are single, married filing separately, or qualifying widow(er)

The annual contribution eligible for the credit may have to be reduced by any taxable distributions from a retirement plan or IRA that you or your spouse receive during the year you claim the credit, during the 2 preceding years, or during the period after the end of the year for which you claim the credit and before the due date for filing your return for that year. A distribution from a Roth IRA that is not rolled over is taken into account for this reduction, even if the distribution is not taxable. After these reductions, the maximum annual contribution eligible for the credit per person is \$2,000.

The amount of your saver's credit will not change the amount of your refundable tax credits. A refundable tax credit, such as the earned income credit or the refundable amount of your child tax credit, is an amount that you would receive as a refund even if you did not otherwise owe any taxes.

The amount of your saver's credit in any year cannot exceed the amount of tax that you would otherwise pay (not counting any refundable credits or the adoption credit) in any year. If your tax liability is reduced to zero because of other nonrefundable credits, such as the Hope Scholarship Credit, then you will not be entitled to the saver's credit.

“SAVER’S CREDIT” RATES FOR 2008

If your income tax filing status is “married filing jointly” and your adjusted gross income is:	Your saver’s credit percentage is:
\$0-\$32,000 \$32,001-\$34,500 \$34,501-\$53,000 Over \$53,000	50% of contribution 20% of contribution 10% of contribution No credit
If your income tax filing status is “head of household” and your adjusted gross income is:	Your saver’s credit percentage is:
\$0-\$24,000 \$24,001-\$25,875 \$25,876-\$39,750 Over \$39,750	50% of contribution 20% of contribution 10% of contribution No credit
If your income tax filing status is “single,” “married filing separately,” or “qualifying widow(er)” and your adjusted gross income is:	Your saver’s credit percentage is:
\$0-\$16,000 \$16,001-\$17,250 \$17,251-\$26,500 Over \$26,500	50% of contribution 20% of contribution 10% of contribution No credit

4. PROHIBITED TRANSACTIONS/WITHDRAWALS

Prohibited Transactions

(a) If you engage in a so-called “prohibited transaction” as defined in the Internal Revenue Code, your Traditional IRA or Roth IRA will be disqualified and the entire taxable balance in your Traditional IRA account, and the amount of earnings or gains in your Roth IRA, will be taxed as ordinary income during the year in which such transaction occurs. You may also have to pay the 10% penalty tax on premature distributions.

A “prohibited transaction” includes:

- (i) the sale, exchange, or leasing of any property between your Traditional IRA or Roth IRA account and you;
- (ii) the lending of money or other extension of credit between your Traditional IRA or Roth IRA account and you;
- (iii) the furnishing of goods, services, or facilities between your Traditional IRA or Roth IRA account and you; or
- (iv) the transfer of assets of your Traditional IRA or Roth IRA account for your use or for your benefit.

(b) If you pledge all or part of your Traditional IRA or Roth IRA as security for a loan, or invest your Traditional IRA or Roth IRA in “collectibles” such as art, antiques, coins (other than certain United States gold, silver, and platinum coins or coins issued by a state government and certain precious metal bullion) or gems, the amount so pledged or invested is considered by the Internal Revenue Service to have been distributed to you and will be taxed as ordinary

income during the year in which you make such pledge or investment. You may also have to pay the 10% premature distribution tax.

Withdrawals

(c) Amounts withdrawn from your Traditional IRA or Roth IRA are subject to withholding of Federal income tax in the amount of 10% of the withdrawal unless you direct no withholding. Form W-4P provides a space to elect against withholding, and contains additional information on withholding. To make a withdrawal or to establish a program of installment withdrawals, simply complete the Withdrawal Form and the W-4P Form and send both forms to Domini Funds, P.O. Box 9785, Providence, RI 02940-9785.

(d) If you indicate on your distribution form or instructions that your Roth IRA distribution is not taxable (as outlined on pages 20-22), no federal income tax will be withheld. If you do not indicate that your distribution is not taxable, federal income tax may be withheld at a flat rate of 10% of the withdrawal, unless you elect not to have tax withheld. Withdrawals from a Roth IRA are not subject to the mandatory 20% income tax withholding that applies to most distributions from qualified plans or 403(b) accounts that are not directly rolled over to another plan or IRA.

(e) For Traditional IRAs, be sure to start withdrawals no later than the Required Beginning Date to avoid penalties for insufficient withdrawals. Also, remember that the minimum amount required to be withdrawn may change from year to year because of earnings or changes in the value of your account. Therefore, if you have established a program of installment withdrawals in a specified dollar amount, you should submit a new Withdrawal Form each year if you need (or want) to adjust the amount of each installment.

(f) If tax, estate, or financial planning considerations affect the timing of your Traditional IRA or Roth IRA withdrawals, be sure to consult a qualified professional.

5. CUSTODIAN

The Custodian of your Traditional IRA or Roth IRA is State Street Bank and Trust Company. The Custodian, through Domini Social Investments, will invest your contributions and earnings in accordance with your instructions in any of the investment vehicles permitted under the Individual Retirement Custodial Account Agreement. You will receive periodic reports describing each transaction in your account, and proxies for mutual funds for which you hold shares will be sent to you to vote as you wish. Since the investment of your account is at your discretion and investment performance of the permissible investment vehicles is not guaranteed, growth in the value of your account is not and cannot be projected or guaranteed, and market values will fluctuate.

For information concerning the custodial charges and service charges which will be assessed against your account by Domini Social Investments, be sure to read the Current IRA Fees section below. Custodial and service charges may be changed or adjusted on thirty days' notice to you. In addition, there may be management or other fees assessed against securities held in your IRA, including mutual fund shares. Be sure to read carefully the prospectus describing any securities, including mutual fund shares, you are considering as an investment for your IRA for a description of the investment objectives, policies and risks, plus a description of applicable fees, expenses and charges. Please read the prospectus carefully before investing.

The prospectus is available by calling 1-800-582-6757, or on our website, www.domini.com.

6. ADDITIONAL INFORMATION

(a) Your Traditional IRA or Roth IRA can help build your retirement income. Your Traditional IRA or Roth IRA assets are non-forfeitable. They are always yours (subject to

investment fluctuations), and will be invested according to your agreement with the Custodian in accordance with your instructions. Your Traditional IRA or Roth IRA will be clearly identified as your property and will not be commingled with property of any other depositor.

(b) **Articles I through VII of the Terms and Conditions for Traditional IRAs** use the precise language of Form 5305-A, currently provided by the Internal Revenue Service, and has therefore been approved as a form to use as a qualified Traditional Individual Retirement Account. The IRS approval of the form does not represent a determination as to the merits of the account. It simply means that the form of the printed Terms and Conditions for Traditional IRAs document satisfies the requirements of the IRS. However, if you adopt and maintain your Traditional IRA within the stated guidelines, you may assume that the Terms and Conditions for Traditional IRAs meet all requirements for a bona fide individual retirement plan under federal income tax law.

(c) **Articles I through VIII of the Terms and Conditions for Roth IRAs** use the precise language of Form 5305-RA, currently provided by the Internal Revenue Service, and has been therefore approved as a form to use as a qualified Roth Individual Retirement Account. The IRS approval of the form does not represent a determination as to the merits of the account. It simply means that the form of the printed Terms and Conditions for Roth IRAs document satisfies the requirements of the IRS. However, if you adopt and maintain your Roth IRA within the stated guidelines, you may assume that the Terms and Conditions for Roth IRAs meet all requirements for a bona fide individual retirement plan under federal income tax law.

(d) Further information concerning your Traditional IRA or Roth IRA can be obtained from any district office of the Internal Revenue Service.

(e) You should consult with your tax or financial advisor to determine whether this Individual Retirement Custodial Account is the right investment for you, since the Custodian, the Service Company and their affiliates or agents cannot offer legal, tax or financial advice.

Current IRA Fees

Domini Social Investments:

\$10.00 Annual maintenance fee for each account. This fee is due during the month of December. IRA account holders will be notified in writing of the due date. Fees are subject to change.

PRIVACY NOTICE

AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY FROM THE FOLLOWING STATE STREET ENTITIES:

State Street Bank and Trust Company; State Street Global Markets, LLC; State Street Global Advisors (SSgA); State Street Global Advisors, Inc.; State Street Global Advisors Limited; State Street Bank and Trust Company, N.A.; State Street Bank and Trust Company of California, N.A.; and State Street Bank and Trust Company of New Hampshire (collectively, “State Street”)

The trust and confidence of our customers are important to us. For this reason, we are careful in the way we handle nonpublic personal information about our customers (“Customer Information”). This Privacy Notice describes our policies and practices concerning Customer Information and how they are designed to preserve the trust of our customers.

INFORMATION WE COLLECT

We may collect Customer Information from the following sources:

- Information we receive on applications or other forms, such as name, address, date of birth, and social security number.
- Information relating to transactions with us, our affiliates and others, such as the purchase and sale of securities and account balances.
- Information we receive from third parties, such as credit reporting agencies.

INFORMATION WE DISCLOSE

We do not disclose Customer Information about our present or former customers to third parties, including the affiliates named in this notice, except as permitted by law. For example, we may disclose Customer Information in order to process a transaction or service an account, or to comply with legal requirements.

INFORMATION SECURITY

We restrict access to Customer Information to employees and service providers who are involved in providing products and services to our customers. In addition, we maintain physical, electronic, and procedural safeguards that are designed to comply with federal standards in order to protect Customer Information.

This privacy notice applies to financial products and services provided by State Street that are used primarily for personal, family, or household purposes.

DOMINI SOCIAL INVESTMENTS

INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

TRADITIONAL INDIVIDUAL RETIREMENT ARRANGEMENT CUSTODIAL ACCOUNT AGREEMENT / TERMS AND CONDITIONS

The **Traditional Individual Retirement Custodial Account Agreement / Terms and Conditions** apply to Traditional IRAs operating under section 408(a) of the Internal Revenue Code only. Articles I through VII of these Terms and Conditions for Traditional IRAs are in the form promulgated by the Internal Revenue Service in Form 5305-A (Rev. March, 2002) for use in establishing an individual retirement Custodial Account. **Please see Terms and Conditions for All IRAs** (page 38) for additional provisions applicable to your Traditional IRA. By signing the Domini IRA Account Application, you as Depositor are agreeing to the following agreement.

The Depositor whose name appears on the Account Application is establishing a Traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian, State Street Bank and Company, has through Domini Social Investments, given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has made a cash deposit with the Custodian as indicated on the Account Application.

The Depositor and the Custodian make the following **agreement**:

Article I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a recharacterized contribution described in section 408A(d)(6), the Custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above 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 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 common investment fund (within the meaning of section 408(a)(5)).

2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides 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) and the regulations thereunder, the provisions of which are herein incorporated by reference.

2. The Depositor's entire interest in the custodial account must be, or begin to be, distributed not later than 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 sum or

(b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiary.

3. If the Depositor dies before his or her entire interest is distributed to him or her, the 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 such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such 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 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.

4. If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the account.

5. 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 applicable, the Depositor 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.

6. The owner of two or more traditional IRAs may satisfy the minimum distribution requirements described above by taking from one traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

Article V

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.

2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

Article VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through IV and this sentence will be controlling. Any additional articles inconsistent with section 408(a) and the related regulations will be invalid.

Article VII

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.

Article VIII

Reserved.

Article IX

Please refer to page 38 and the pages following it.

DOMINI SOCIAL INVESTMENTS

INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

ROTH INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT / TERMS AND CONDITIONS

The **Roth Individual Retirement Custodial Account Agreement / Terms and Conditions** apply to Roth IRAs operating under section 408A of the Internal Revenue Code only. Articles I through VIII of these Terms and Conditions for Roth IRAs are in the form promulgated by the Internal Revenue Service in Form 5305-RA (March, 2002). Please see *Terms and Conditions for All IRAs* (page 38) for additional provisions applicable to your Roth IRA. By signing the Domini IRA Account Application, you as depositor are agreeing to the following agreement.

The Depositor whose name appears on the Account Application is establishing a Roth individual retirement account (Roth IRA) under Section 408A to provide for his or her retirement and for the support of his or her beneficiaries after death.

The Custodian, State Street Bank and Trust Company, has, through Domini Social Investments, given the Depositor the disclosure statement required by Regulations section 1.408-6.

The Depositor has made a cash deposit with the Custodian as indicated on the Account Application.

The Depositor and the Custodian make the following **agreement**:

Article I

Except in the case of a rollover contribution described in section 408A(e), a recharacterized contribution described in section 408A(d)(6), or an IRA Conversion Contribution, the Custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

Article II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income levels. For a single Depositor, the annual contribution is phased out between adjusted gross income (AGI) of \$95,000 and \$110,000 (since raised; see Disclosure Statement); for a married Depositor filing jointly, between AGI of \$150,000 and \$160,000 (since raised; see Disclosure Statement); and for a married Depositor filing separately, between AGI of \$0 and \$10,000. In the case of a conversion, the Custodian will not accept IRA Conversion Contributions in a tax year if the Depositor's AGI for the tax year the funds were distributed from the other IRA exceeds \$100,000 or if the Depositor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA Conversion Contributions.

2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the Depositor and his or her spouse.

Article III

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

Article IV

1. 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 common investment fund (within the meaning of section 408(a)(5)).

2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

Article V

1. If the Depositor dies before his or her entire interest is distributed to him or her and the Depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated beneficiary, in accordance with (b) below:

(a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the Depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the Depositor.

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

2. The minimum amount that must be distributed each year under paragraph 1(a) above 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 designated beneficiary using the attained age of the beneficiary in the year following the year of the Depositor's death and subtracting 1 from the divisor for each subsequent year.

3. If the Depositor's surviving spouse is the designated beneficiary, such spouse will then be treated as the Depositor.

Article VI

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by sections 408(i) and 408A(d)(3)(E), Regulations sections 1.408-5 and 1.408-6, or other guidance published by the Internal Revenue Service (IRS).

2. The Custodian agrees to submit to the IRS and Depositor the reports prescribed by the IRS.

Article VII

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through V and this sentence will be controlling. Any additional articles inconsistent with section 408A, the related regulations, and other published guidance will be invalid.

Article VIII

This agreement will be amended as necessary to comply with the provisions of the Code, the related regulations, and other published guidance. Other amendments may be made with the consent of the Depositor and the Custodian.

Article IX

Please refer to page 38 and the pages following it.

DOMINI SOCIAL INVESTMENTS

UNIVERSAL IRA CUSTODIAL ACCOUNT AGREEMENT

TERMS AND CONDITIONS FOR ALL IRAs

Article IX

1. Except as otherwise permitted in section 5(a) below, all contributions made under this Agreement shall be deposited in the form of cash. All such contributions shall be credited to a Custodial Account for the account of the Depositor. Any contribution so made with respect to a tax year of the Depositor shall be made prior to the due date of the Depositor's tax return (not including extensions). Unless otherwise indicated in writing by the Depositor, contributions shall be credited to the tax year in which they are received by the Custodian. Subject to the limitations set forth in the Account Application, all funds in the Custodial Account (including contributions, dividends, interest, proceeds from the sale or other disposition of investments and any other cash receipts) shall be invested and reinvested in, as directed by the Depositor:

- (a) any shares of open-end regulated investment companies designated by the Depositor and available through Domini Social Investments LLC (the "Service Company") or DSIL Investment Services LLC;
- (b) any interest-bearing deposits in any bank (including the Custodian, or any bank affiliated with the Service Company) approved by the Custodian;
- (c) other marketable securities, if any, obtainable through through the Service Company, but only if, in the sole judgment of the Custodian, such investment will not impose upon it an administrative burden greater than that normally incident to investments described above (such judgment by the Custodian not to be construed in any respect as a judgment concerning the prudence or advisability of such an investment).

Such investments shall be made in such specific securities and other investments, in such proportions and in such amounts as the Depositor may direct from time to time by notice to Domini Funds or Depositor's broker or other account representative (in such form as may be acceptable to the Service Company). However, the Custodian or the Service Company may establish minimum amounts for any type of investment.

The Service Company shall be responsible for the execution of such orders. The Custodian shall maintain or cause to be maintained adequate records thereof (provided that the Custodian may retain the Service Company as its agent or recordkeeper to maintain adequate records of transactions on behalf of the Custodian). However, if any such orders are not received as required or, if received, are unclear or incomplete in the opinion of the Service Company, all or a portion of the assets of the Custodial Account may be held uninvested without liability for loss of income or appreciation, and without liability for interest, pending receipt of complete orders or clarification; or such assets may be invested in an interest-bearing account described in (b) above or in a money-market type open-end investment company designated by the Service Company.

2. Any brokerage account maintained in connection herewith shall be in the name of the Custodian for the benefit of the Depositor. All assets of the Custodial Account shall be registered in the name of the Custodian or of a suitable nominee (and the same nominee may be used with respect to assets of other investors whether or not held under agreements similar to this one or in any capacity whatsoever); provided, however, that the Custodian may hold any security in

bearer form or by or through the Service Company, or by or through a central clearing corporation maintained by institutions active in the national securities markets; provided further, however, that (a) the books and records of the Custodian (or the Service Company acting as the agent or recordkeeper for the Custodian) shall show that all such investments are part of the Custodial Account; (b) each Custodial Account shall be separate and distinct; (c) a separate account thereof shall be maintained by the party having actual custody of such assets; and (d) the assets thereof shall be held in individual or bulk segregation in such party's vaults or in depositories approved by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

3. Neither the Custodian, the Service Company nor any other party providing services to the Custodial Account assumes any responsibility for rendering advice with respect to the investment or reinvestment of the Depositor's Custodial Account and shall not be liable for any loss which results from Depositor's exercise of control over his or her Custodial Account. Depositor shall have and exercise exclusive responsibility for and control over the investment of the assets of his or her Custodial Account in accordance with the terms of this Agreement, and neither the Custodian, the Service Company nor any other such party shall have any duty to question his or her directions in that regard or to advise him or her regarding purchase, retention, or sale of such assets.

4. The Depositor shall have the right by written notice to the Custodian to designate (or to change) one or more beneficiaries to receive any amount remaining in the Custodial Account in the event of his or her death prior to the complete distribution of all assets in the Custodial Account. Any such designation (or change of designation) of beneficiary may be on a form provided by the Custodian or the Service Company or on a written instrument acceptable to the Custodian, signed by the Depositor and filed with the Custodian. Any such designation or change of designation shall be effective upon receipt by the Custodian. Any change of designation received by the Custodian will revoke all prior designations previously filed with the Custodian. If no such designation is in effect on a Depositor's death, or if all designated beneficiaries have predeceased the Depositor, the Depositor's estate shall be deemed to be the beneficiary.

5. (a) The Custodian shall have the right to receive rollover contributions and amounts transferred or converted or recharacterized from another individual retirement account or individual retirement annuity. Any property so transferred to it in a form other than cash shall be sold by the Custodian and reinvested as provided in section 1 of this Article IX. The Custodian reserves the right to refuse to accept any property which is not in the form of cash.

(b) The Custodian, upon written direction of the Depositor, shall transfer the assets held under this Agreement (reduced by (i) any amounts referred to in section 7 of this Article IX and (ii) any amounts required to be distributed during the calendar year of transfer to the Depositor under Section 408(a)(6) or 408(b)(3) of the Code) to a successor individual retirement account or individual retirement annuity for the Depositor's benefit.

(c) Any amounts received or transferred by the Custodian under this section 5 shall be accompanied by such instructions, records and other documents as the Custodian deems necessary.

6. The Depositor hereby delegates to the Custodian the power to amend at any time and from time to time the terms and provisions of this Agreement and hereby consents to all such amendments, provided that an amendment is not contrary to any applicable provision of the Internal Revenue Code, the regulations thereunder, or any other applicable law, regulation or ruling. Any such amendments shall be effective when the notice of such amendments is mailed to the address of the Depositor indicated by the Custodian's records.

7. Any income taxes or other taxes of any kind whatsoever which may be levied or assessed upon or in respect of the assets of the Custodial Account, or the income arising therefrom, any transfer taxes incurred, any expenses incurred by the Custodian in the performance of its duties including fees for legal services rendered to the Custodian, and the Custodian's and the Service Company's compensation as set forth in the Disclosure Statement may be paid by the Depositor and, unless and until so paid, within such time period as the Custodian may establish, may be paid from the assets of the Custodial Account. The Custodian and the Service Company shall be empowered to take any action necessary to effectuate the provisions of this paragraph and shall have no liability to the Depositor therefor. The Custodian and the Service Company shall each have the right to change or adjust its fees and compensation upon thirty (30) days' notice to the Depositor, and may reduce or waive fees with respect to any class or group of Depositors.

8. Amounts in the Custodial Account and the benefits provided hereunder shall not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind, and any attempt to cause such benefits to be so subjected shall not be recognized, except to such extent as may be required by law.

9. Any pledging of assets in the Custodial Account by the Depositor as security for a loan, or any loan or other extension of credit from the Custodial Account to the Depositor, shall be prohibited.

10. In taking or refraining from any action or determining any fact or question which may arise under this Custodial Agreement, the Custodian may rely upon any statement by the Depositor or the Service Company with respect thereto. The Depositor hereby agrees that the Custodian will not be liable for any loss or expense resulting from taking or not taking such action or determination in reliance on any such statement.

11. The Custodian may resign at any time upon ninety (90) days' written notice to the Depositor and may be removed by the Depositor at any time upon ninety (90) days' written notice to the Custodian. Upon the resignation or removal of the Custodian, a successor Custodian shall be appointed by the Depositor within ninety (90) days of such resignation or removal and in the absence of such appointment, the Custodian may designate a successor unless this Agreement is sooner terminated. Any successor custodian shall be a bank (as defined in section 408(n) of the Code) or another person found qualified to act as a custodian under an individual retirement account plan by the Secretary of the Treasury, or his delegate, pursuant to section 408(a)(2) of the Code. The appointment of a successor custodian shall be effective upon receipt by Custodian of such successor's written acceptance which shall be submitted to the Custodian and to the Depositor. As soon as reasonably practicable after the effective date of a successor custodian's appointment, the Custodian shall transfer and deliver to the successor custodian applicable account records and assets of the Custodial Account (reduced by any unpaid amounts referred to in section 7 of this Article IX — including any fee or expenses arising in connection with such transfer and delivery). The successor custodian shall be subject to the provisions of this Agreement (or any successor thereto) on the effective date of its appointment.

12. (a) The Custodian shall, from time to time, in accordance with instructions in writing from the Depositor, make distributions out of the Custodial Account to the Depositor in the manner and amounts as may be specified in such instructions. Notwithstanding the provisions of Article IV above (for a Traditional IRA) or Article V above (for a Roth IRA), the Custodian assumes (and shall have) no responsibility to make any distribution to the Depositor (or the Depositor's beneficiary if the Depositor is deceased) unless and until such written instructions specify the occasion for such distribution, the elected manner of distribution, and any other

information that may be required. If the Depositor (or, following the Depositor's death, the beneficiary) does not direct the Custodian to make distributions from the Custodial Account by the time that such distributions are required to begin in accordance with the preceding Articles, the Custodian and the Service Company may assume that the Depositor (or the beneficiary) is meeting the minimum distribution requirements from another individual retirement arrangement maintained by the Depositor, and the Custodian and the Service Company shall be fully protected in so doing.

Prior to making any such distribution from the Custodial Account, the Custodian shall be furnished with any and all applications, certificates, tax waivers, signature guarantees, releases, indemnification agreements, and other guarantees, and other documents (including proof of any legal representative's authority) deemed necessary or advisable by the Custodian, but the Custodian shall not be liable for complying with written instructions which appear on their face to be genuine, or for refusing to comply if not satisfied such instructions are genuine, and assumes no duty of further inquiry. Upon receipt of proper written instructions as required above, the Custodian shall cause the assets of the Custodial Account to be distributed in cash and/or in kind, as specified in such written order.

(b) The Depositor acknowledges (i) that distributions from the Custodial Account shall be reported by the Custodian in accordance with all applicable IRS requirements (i.e., on Form 1099-R), (ii) that the information reported by the Custodian will be based on the amount in the Custodial Account only and will not reflect amounts held in any other Individual Retirement Account the Depositor may own, and that, as a result, the actual tax treatment of distributions from the Custodial Account may be different from the tax treatment reflected in Form 1099-R issued by the Custodian because of the effect on actual tax treatment of the Depositor's other Individual Retirement Accounts, and, (iii) that it is the responsibility of the Depositor to keep appropriate records so that the taxes due may be correctly determined. The Custodian and any other party providing services to the Custodial Account does not have any responsibility for the tax treatment of any distribution from the Custodial Account. Responsibility for tax treatment (including maintaining proper records of all Individual Retirement Accounts of the Depositor and properly calculating and paying taxes) is solely held by the person requesting the distribution.

13. Distribution of the assets of the Custodial Account shall (subject to the first paragraph of paragraph 12 (a) of this Article IX) be made in accordance with the provisions of Article IV for a traditional IRA and Article V for a Roth IRA as the Depositor (or the Depositor's beneficiary if the Depositor is deceased) shall elect by written instructions to the Custodian; subject, however, when applicable, to the provisions of Sections 401(a)(9), 408(a)(6) and 408(b)(3) of the Code, the regulations promulgated thereunder, and the following:

- (a) No distribution from the Custodial Account shall be made in the form of an annuity contract.
- (b) In general, if the Depositor dies before his/her entire interest in the Custodial Account has been distributed, and if the designated beneficiary of the Depositor is the Depositor's surviving spouse, the spouse may treat the Custodial Account as the spouse's own individual retirement arrangement. This election will be deemed to have been made if the surviving spouse makes an accumulation IRA contribution to the Custodial Account, makes a roll-over to or from such Custodial Account, or fails to receive a payment from the Custodial Account within the appropriate time period applicable to the deceased Depositor under Section 401(a)(9)(B) of the Code. Notwithstanding Section 3 of Article V of the *Terms & Conditions for Roth IRAs* (see page 36), if the Depositor's spouse is the sole Beneficiary of the Depositor's Roth IRA on the Depositor's date of death, the spouse will not be treated as the

Depositor if the spouse elects not to be so treated. In such event, the Custodial Account will be distributed in accordance with the other provisions of such Article V, except that distributions to the Depositor's spouse are not required to commence until December 31 of the year in which the Depositor would have turned age 70½.

14. If the Depositor is disabled, as that term is defined in Section 72(m) of the Code, he or she may give notice to the Custodian of such disability and request that up to the balance of the Custodial Account be distributed. The Custodian, within a reasonable time after submission of satisfactory proof of such disability, shall order the distribution of the balance of the Custodial Account to the Depositor or such portion as the Depositor requested.

15. This Agreement shall terminate and be of no further force or effect (except for sections 11 and 16 of this Article IX which shall survive such termination of the Custodial Account and this Agreement) coincident with the complete distribution of the assets of the Custodial Account, and the Custodian shall have no further duties or responsibilities with respect to the Custodial Account after its termination.

16. The Depositor hereby agrees to indemnify and hold harmless the Custodian, the Service Company and their affiliates from and against any and all claims, loss, damages, costs or expenses (including reasonable attorney's fees) which the Custodian may incur or pay out by reason of any alleged or actual act, or failure to act, on the part of the Depositor, the Service Company, or any other person. The preceding sentence will survive the termination of the Agreement.

17. Any notice herein required or permitted to be given to the Custodian shall be sufficiently given if mailed to the Custodian by first class mail, care of State Street Bank and Trust Company, 801 Pennsylvania Avenue, Kansas City, MO 64105, or to such other address as the Custodian shall provide the Depositor from time to time in writing, stating that such other address shall be used for purposes of this Agreement. Any notice herein required or permitted to be given to the Depositor shall be sufficiently given if mailed to the Depositor at the Depositor's address appearing on the Account Application, or at such other address as the Depositor shall have provided the Custodian from time to time in writing, which writing shall state that such other address is to be used for purposes of this Agreement.

18. The Custodian and the Service Company shall keep or cause to be kept adequate records of the transactions they are required to perform hereunder. In addition to any reports required by the Code or the regulations thereunder, the Custodian shall cause to be mailed to the Depositor in respect of each tax year an account of all transactions affecting the Custodial Account during such year and a statement showing the Custodial Account as of the end of such year. If, within sixty (60) days after such mailing, the Depositor has not given the Custodian or the Service Company written notice of any exception or objection thereto, the annual accounting shall be deemed to have been approved, and in such case, or upon the written approval of the Depositor, the Custodian and the Service Company shall be released, relieved and discharged with respect to all matters and statements set forth in such accounting as though the account had been settled by judgment or decree of a court of competent jurisdiction.

The Service Company shall deliver, or cause to be executed and delivered, to the Depositor all notices, prospectuses, financial statements, proxies and proxy soliciting materials relating to securities or other investments credited to the Custodial Account. No shares of stock shall be voted, and no other action shall be taken pursuant to such documents except upon receipt of adequate instructions from the Depositor.

19. The Custodian and the Service Company shall be agents for the Depositor to perform the duties conferred on them, respectively, hereunder, as directed by the Depositor. The parties

do not intend to confer any fiduciary duties on the Custodian and the Service Company and none shall be implied. Neither shall be liable (nor assumes any responsibility for) the collection of contributions, the deductibility of any contribution or the propriety of or the amount or timing or tax treatment of any contributions under this Agreement, the selection of any investments for the Custodial Account, or the purpose or propriety or tax treatment of any distribution ordered in accordance with Article IV for Traditional IRAs and Article V for Roth IRAs or sections 12, 13 or 14 of Article IX, which matters are the sole responsibility of the Depositor or the Depositor's beneficiary, as the case may be.

20. The Custodian and the Service Company shall each be responsible solely for performance of those duties expressly assigned to it in this Agreement, and neither assumes any responsibility as to duties assigned to anyone else hereunder or by operation of law.

21. When accepted by the Custodian, this Agreement is accepted in and shall be construed and administered in accordance with the laws of the state where the principal offices of the Custodian are located. Any action involving the Custodian brought by any other party must be brought in a state or federal court in such state.

If in the Account Application and Adoption Agreement, Depositor designates that the Custodial Account is a Traditional IRA, this Agreement is intended to qualify under Code Section 408(a) as an individual retirement Custodial Account and to entitle Depositor to the retirement savings deduction under Code Section 219 if available. If in the Account Application and Adoption Agreement, Depositor designates that the Custodial Account is a Roth IRA, this Agreement is intended to qualify under Code Section 408A as a Roth individual retirement Custodial Account and to entitle Depositor to the tax-free withdrawal of amounts from the Custodial Account to the extent permitted in such Code section. In the Account Application and Adoption Agreement, the Depositor must unambiguously designate the Custodial Account as **either a Traditional IRA or a Roth IRA**; only one Custodial Account (either a Traditional IRA or a Roth IRA, but not both) may be established using a single Account Application and Adoption Agreement.

If any provision hereof is subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with the intent expressed in whichever of the first two sentences of the preceding paragraph is applicable.

However, the Custodian shall not be responsible for whether or not such intentions are achieved through use of this Agreement, and Depositor is referred to Depositor's attorney for any such assurances.

22. Depositor should seek advice from Depositor's attorney regarding the legal consequences (including but not limited to federal and state tax matters) of entering into this Agreement, contributing to the Custodial Account, and ordering the Custodian to make distributions from the Account. Depositor acknowledges that all such matters are the sole responsibility of the Depositor and that the Custodian and the Service Company and their affiliates are prohibited by law from rendering such advice.

23. Notwithstanding anything in the foregoing to the contrary, any provision which is inconsistent with sections 219, 408 or 408A of the Code (where applicable) shall be disregarded and the regulations promulgated under said sections of the Code shall be incorporated by reference and this Agreement shall be administered in accordance with those regulations.

24. The Depositor may revoke the Custodial Account established under this Agreement by written notice to the Custodian received by the Custodian within 7 calendar days after the Depositor establishes the Custodial Account. Upon revocation, the amount of the Depositor's initial deposit or contribution will be returned to him, without adjustment for interest, earnings, investment fluctuations or fees or expenses. The Custodian or the Service Company may, but is not obliged to, retain the Depositor's initial contribution for a period of up to 10 days after the receipt thereof, without investing such amount in accordance with the Depositor's instructions, and may invest such amount after the expiration of such period if the Depositor has not revoked the Custodial Account.

25. The legal documents governing the Custodial Account are as follows:

(a) **If in the IRA Account Application the Depositor designated the Custodial Account as a Traditional IRA** under Code Section 408(a), the provisions of this Individual Retirement Custodial Account Agreement / Traditional Individual Retirement Custodial Account Agreement / Terms and Conditions and the Terms and Conditions for All IRAs, and the provisions of the IRA Account Application are the legal documents governing the Depositor's Custodial Account.

(b) **If in the IRA Account Application the Depositor designated the Custodial Account as a Roth IRA** under Code Section 408A, the provisions of this Individual Retirement Custodial Account Agreement / Roth Individual Retirement Custodial Account Agreement / Terms and Conditions and the Terms and Conditions for All IRAs, and the provisions of the IRA Account Application are the legal documents governing the Depositor's Custodial Account.

(c) The Depositor must designate whether the Custodial Account is a Traditional IRA or Roth IRA, and a separate account shall be established for each type of IRA established.

(d) By establishing a Roth IRA Custodial Account, the Depositor acknowledges and agrees (i) that separate accounts may be established for annual contributions made pursuant to Code Section 408A(c)(2) and to hold conversion amounts under 408A(c)(3)(B), and (ii) that separate Roth IRA accounts may be used to hold amounts converted in different calendar years. Any requirement to maintain such separate accounts under clause (i) and/or (ii) of the preceding sentence will be specified in the IRA Account Application and/or in a separate communication from the Custodian or the Service Company to the Depositor. While separate accounts may be needed due to recordkeeping requirements, if such separate Roth IRA Accounts are not required, the Depositor may commingle annual contribution amounts and conversion amounts in a single Roth IRA account.

26. Articles I through VII of this Individual Retirement Custodial Account Agreement/ Traditional Individual Retirement Custodial Account Agreement / Terms and Conditions are in the form promulgated by the Internal Revenue Service as Form 5305-A — Traditional Individual Retirement Custodial Account. It is anticipated that, if and when the Internal Revenue Service promulgates changes to Form 5305-A, the Custodian will amend this Agreement accordingly.

Articles I through VIII of this Individual Retirement Custodial Account Agreement/Roth Individual Retirement Custodial Account Agreement / Terms and Conditions are in the form promulgated by the Internal Revenue Service as Form 5305-RA — Roth Individual Retirement Custodial Account. It is anticipated that, if and when the Internal Revenue Service promulgates changes to Form 5305-RA, the Custodian will amend this Agreement accordingly.

If, due to changes in the applicable tax laws, or ruling of the Internal Revenue Service, it is established that the use of the IRA Account Application or this Agreement do not

establish a Traditional IRA or a Roth IRA (as the case may be), the Custodian will furnish the Depositor with replacement documents and the Depositor will if necessary sign such replacement documents. Depositor acknowledges and agrees to such procedures and to cooperate with Custodian to preserve the intended tax treatment of the Account.

In addition, notwithstanding anything in the foregoing to the contrary, any provision which is inconsistent with Code section 408 (in the case of a Traditional IRA) or Code section 408A (in the case of a Roth IRA) or any regulations promulgated under such sections of the Code (as in effect from time to time) shall be disregarded and this Agreement shall be administered in accordance with said sections and regulations. In addition, if there is any change in the laws, regulations, or rulings applicable to Traditional IRAs or Roth IRAs, pending the adoption of a revised Form 5305-A or Form 5305-RA by the Internal Revenue Service, or the adoption of an amendment to this Agreement, the Custodian and the Service Company may administer the Custodial Account in accordance with such changed legal requirements, notwithstanding that such administration may be in conflict with the provisions hereof pending such amendment, and the Custodian and the Service Company will have no liability for so doing.

27. If the Depositor maintains an Individual Retirement Account under Code section 408(a), the Depositor may convert or transfer such other IRA to a Roth IRA under Code section 408A using the terms of this Agreement and the IRA Account Application by completing and executing the IRA Account Application and giving suitable directions to the Custodian and the custodian or trustee of such other IRA. Pursuant to Code section 408A(d)(6) and regulations promulgated thereunder, the Depositor may recharacterize a contribution to a Traditional IRA as a contribution to a Roth IRA. Alternatively, a Depositor may recharacterize a contribution to a Roth IRA as a contribution to a Traditional IRA. In all events, the Depositor agrees to observe limitations imposed by the Custodian or the Service Company on the number of such transactions in any year (or any other limitations or restrictions that may be imposed by the Custodian, the Service Company or the Internal Revenue Service).

28. The Depositor acknowledges that he or she has received and read the Disclosure Statement relating to the Custodial Account. The Depositor further acknowledges that he or she has received and read the current prospectus for each Fund in which his or her Account is invested and the Individual Retirement Account Disclosure Statement related to the Account. The Depositor represents under penalties of perjury that his or her Social Security number (or other Taxpayer Identification Number) as stated in the IRA Account Application is correct.

* * *

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose. This model custodial account may be used by an individual who wishes to adopt a Traditional Individual Retirement Account under Code Section 408(a) or a Roth Individual Retirement Account under Code section 408A. When fully executed by the Depositor and the Custodian not later than the time prescribed by law for filing the federal income tax return for the Depositor's tax year (not including any extensions thereof), an individual will have a Traditional Individual Retirement Account (Traditional IRA) custodial account which meets the requirements of section 408(a), or a Roth Individual Retirement Account (Roth IRA) custodial account which meet the requirements of Code section 408A, whichever is applicable. This account must be created in the United States for the exclusive benefit of the Depositor or his/her beneficiaries.

DEFINITIONS

IRA Conversion Contributions: IRA Conversion Contributions are amounts rolled over,

transferred, or considered transferred from a non-Roth IRA to a Roth IRA. A non-Roth IRA is an individual retirement account or annuity described in section 408(a) or 408(b), other than a Roth IRA.

Custodian: The Custodian must be a bank or savings and loan association, as defined in section 408(n), or other person who has the approval of the Internal Revenue Service to act as custodian. The Custodian in this plan is State Street Bank and Trust Company.

Depositor: The Depositor is the person who establishes the custodial account.

TRADITIONAL OR ROTH IRA FOR NON-WORKING SPOUSE

Contributions to a Traditional IRA or Roth IRA custodial account for a non-working spouse must be made to a separate Traditional IRA or Roth IRA custodial account established by the non-working spouse.

This agreement may be used to establish the Traditional IRA or Roth IRA custodial account for the non-working spouse.

The Depositor's social security number will serve as the identification number of his or her individual retirement account. An employer identification number is only required for each individual retirement account that needs to file an unrelated business income tax return. An employer identification number is also required for a common fund created for individual retirement accounts.

For more information, get a copy of the required disclosure statement from your Custodian or get Publication 590, Individual Retirement Arrangements (IRAs).

SPECIFIC INSTRUCTIONS

Traditional IRA

Article IV. Distributions made under this Article for a Traditional IRA may be made in a single sum, periodic payments, or a combination of both. If the Depositor is opening a Traditional IRA, the distribution option should be reviewed in the year the Depositor reaches age 70½ to make sure the requirements of section 408(a)(6) have been met.

Roth IRA

Article II. The Depositor may be subject to a 6% tax on excess contributions if

(1) contributions to other individual retirement arrangements of the Depositor have been made for the same tax year,

(2) the Depositor's adjusted gross income exceeds the applicable limits in Article II for the tax year, or

(3) the Depositor's and spouse's compensation is less than the amount contributed by or on behalf of them for the tax year. The Depositor should see the disclosure statement or IRS Publication 590, available from the IRS or at www.irs.gov/publications for more information.

Article V. This article describes how distributions will be made from the Roth IRA after the Depositor's death. Elections made pursuant to this article should be reviewed periodically to ensure they correspond to the Depositor's intent. Under section 3 of Article V, the Depositor's spouse is treated as the owner of the Roth IRA upon the death of the Depositor, rather than as the beneficiary. If the spouse is to be treated as the beneficiary, and not the owner, an overriding provision should be added to Article IX.

Traditional and Roth IRA

Article IX. This Article and any that follow it may incorporate additional provisions that are agreed upon by the Depositor and Custodian to complete the agreement. These may include, for example: definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of Custodian, Custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, and prohibited transactions with the Depositor.

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