

LEGG MASON FAMILY OF FUNDS

Coverdell Education Savings Account Application and Adoption Agreement

This application should be used by you to open a Coverdell Education Savings Account investing in the Legg Mason Funds¹. BNY Mellon Investment Servicing Trust Company will serve as Custodian for this account. If you have any questions, please call Shareholder Services at 1-800-822-5544, Monday through Friday, 8:00 am – 5:30 pm (ET).

THE USA PATRIOT ACT: To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. This information will be verified to ensure the identity of all individuals opening a mutual fund account. If you do not provide us with this information, we will not be able to open the account. If we are unable to verify your identity, we reserve the right to close your account or take other steps that we may deem advisable.

1 DESIGNATED BENEFICIARY INFORMATION

BNY Mellon Investment Servicing Trust Company, Custodian For The Benefit Of:

Designated Beneficiary Name (first) (middle initial) (last)

Date of Birth Social Security Number

Citizenship of Designated Beneficiary: U.S. Citizen Resident Alien _____ Country of Citizenship

Daytime Phone Evening Phone Other Phone Email Address

U.S. Street Address (Required) City, State & Zip Code

Account Mailing Address (if P.O. Box or different from above)

City, State & Zip Code

Employment Information

Occupation/Status (indicate student or not employed, if applicable)

Employer Name

Affiliation

Is the Designated Beneficiary employed by Legg Mason or a FINRA member firm? Yes No

Tax Bracket: below 15% 15-24% 25-32% 33% and above

2 RESPONSIBLE INDIVIDUAL INFORMATION

If Designated Beneficiary is a minor under the laws of the Designated Beneficiary's state of residence, this section must be completed with the Responsible Individual's ("Parent", "Legal Guardian") information.

Name (first) _____ (middle initial) _____ (last) _____
Relationship to Designated Beneficiary: Parent Legal Guardian Self (if over age of majority)

Date of Birth _____ Social Security Number _____
Citizenship U.S. Citizen Resident Alien _____ Country of Citizenship _____

Daytime Phone _____ Evening Phone _____ Other Phone _____ Email Address _____
U.S. Street Address (Required) _____ City, State & Zip Code _____

Employment Information

Occupation/Status (indicate student, retired, or not employed, if applicable) _____

Employer Name _____

Affiliation

Is the Parent employed by Legg Mason or a FINRA member firm? Yes No

Tax Bracket: Below 15% 15-24% 25-32% 33% and above

3 DEPOSITOR INFORMATION (COMPLETE IF THE INDIVIDUAL ESTABLISHING THE ACCOUNT IS DIFFERENT THAN THE RESPONSIBLE INDIVIDUAL IDENTIFIED IN SECTION 2)

Depositor's Name (first) _____ (middle initial) _____ (last) _____

Date of Birth _____ Social Security Number _____

U.S. Street Address (Required) _____

City, State & Zip Code _____ Daytime Phone _____

4 DESIGNATED DEATH BENEFICIARY

Indicate below the substitute designated beneficiary for the Coverdell Account.
Distribution will be in equal shares, unless you specify different proportions.

Primary:

1. Name (first) _____ (middle initial) _____ (last) _____ Relationship _____
Date of Birth _____ Social Security Number _____ Percentage of Assets _____

Contingent:

2. Name (first) _____ (middle initial) _____ (last) _____ Relationship _____
Date of Birth _____ Social Security Number _____ Percentage of Assets _____

5 ACCOUNT PROFILE (APPLIES TO ACCOUNTS WITH LEGG MASON INVESTOR SERVICES AS DEALER OF RECORD ONLY)

In order to comply with industry rules Legg Mason is required to ask for information about the Responsible Individual's financial situation and investment objectives.

A. INVESTMENT OBJECTIVES (RANK UP TO THREE IN ORDER OF PRIORITY, WITH "1" AS FIRST, "2" AS SECOND, ETC.)

Investment objectives describe your personal financial goal for the assets in your account. Investment objective options are:

- Preservation of Capital: Seek preservation of principal. Can accept the lowest returns in exchange for price stability.
- Income: Seek current income rather than capital appreciation and to minimize fluctuations in market value.
- Income and Growth: Seek current income and moderate capital appreciation while assuming moderate fluctuations in market value.
- Growth: Seek capital appreciation while assuming fluctuations in market value.
- Aggressive Growth: Seek higher capital appreciation while assuming greater-than-average fluctuations in market value.

B. FINANCIAL INFORMATION

Net Worth, excluding Primary Residence (thousands)

- A. under \$30 B. \$30-\$50 C. \$50-\$100 D. \$100-\$500 E. above \$500

Income (thousands)

- A. under \$25 B. \$25-\$50 C. \$50-\$100 D. \$100-\$150 E. \$150-\$200 F. above \$200

6 PAYMENT OF CUSTODIAN FEES

The annual Custodian fee is \$15 for each Legg Mason Funds Coverdell Account. You may either choose to remit payment for the fee by check no later than December 1 or do nothing and have the fee deducted from your Coverdell Account(s) on or about December 19. The custodian reserves the right to change the custodial fee, but will give at least 30 days written notice to the Account Owner of any fee changes.

- I have enclosed a separate check for \$15.00 covering the annual maintenance fee for the first year.

7 METHOD OF INVESTMENT

The minimum initial investment is \$250 per fund or \$50 per transaction per fund for a Future First systematic investment plan. Please refer to the Important Account Information Section that follows the application for additional information regarding Future First.

Cash, money orders, third-party checks, starter checks, credit card convenience checks, and traveler's checks are NOT accepted.

Please make checks payable to: Legg Mason Funds

- Regular Contribution for the _____ Tax Year(s).
- Regular Contribution for the _____ Tax Year(s) AND enrolling in a Future First systematic investment plan (complete Section 9A).
- Future First systematic investment plan only (complete Section 9A).
- Wire. To purchase shares by bank wire, please call Shareholder Services at 1-800-822-5544 for instructions.
- Rollover from an existing Coverdell Account to me within 60 days of receipt. The requirements for a valid rollover are complex. See the Disclosure Statement for additional information and consult your tax advisor for help if needed.
- Transfer from an existing Coverdell Account _____ (Account Number). Please provide a signed Change of Ownership Form. **Medallion Signature Guarantee may be required.**
- Direct transfer from another financial institution. A Legg Mason Funds Direct Transfer Form (**Medallion Signature Guaranteed**) and a copy of your most recent statement from your current firm must accompany this application.

Transfer or Rollover Investment Methods Only:

Check the appropriate box below to describe the relationship to the Designated Beneficiary.

- Same person Spouse Child or Step Child Sibling Other _____
- Parent Step-parent Grandparent Child of sibling

8 FUND DESIGNATION

The minimum initial investment is \$250 per fund. I acknowledge that I have sole responsibility for my investment choices, that I have received a current prospectus for each fund I select, and that I have read the respective prospectus of the fund(s) selected before investing.

Your share purchase cannot be processed unless you designate an eligible share class¹ for investment. It is your responsibility to request a specific fund and class of shares, which will be valued at the time the request is received. Not all Legg Mason Funds offer all share classes. Some funds may assess a redemption fee on certain redemptions of shares held for less than the specified minimum period of time. Some funds are not available in all states. Be sure to read the prospectus of the fund in which you are investing to confirm share eligibility, availability and other important information.

¹ Effective July 1, 2011, Class B shares will no longer be offered and will be closed to purchases by new and existing investors. Class B shares of the fund will continue to be available for incoming exchanges and for dividend reinvestment.

Fund Name /NASDAQ Symbol (if available)	Share Class	Dollar Amount
Fund Name /NASDAQ Symbol (if available)	Share Class	Dollar Amount
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9 ACCOUNT SERVICE OPTIONS

A. FUTURE FIRST SYSTEMATIC INVESTMENT PLAN

Future First is a systematic investment plan that allows you to automatically invest a specific dollar amount into any of the Legg Mason Funds at regular intervals. Minimum \$50 per transaction per fund, except for plans established to invest quarterly. Quarterly minimum is \$150 per transaction per fund. Simply choose the frequency and day(s) to invest and the money will be ACHed directly from your bank checking or savings account to your Legg Mason Fund account.

Please refer to the current prospectus and Important Account Information Section that follows the application for additional information regarding Future First.

Fund Name/NASDAQ (if available)	Share Class ¹	Dollar Amount	Frequency	Day(s) of Month to Invest MM/DD
			<input type="checkbox"/> Monthly <input type="checkbox"/> Every 3 months <input type="checkbox"/> Other ² _____	
			<input type="checkbox"/> Monthly <input type="checkbox"/> Every 3 months <input type="checkbox"/> Other ² _____	
			<input type="checkbox"/> Monthly <input type="checkbox"/> Every 3 months <input type="checkbox"/> Other ² _____	
			<input type="checkbox"/> Monthly <input type="checkbox"/> Every 3 months <input type="checkbox"/> Other ² _____	

¹ Effective July 1, 2011, Class B shares will no longer be offered and will be closed to purchases by new and existing investors. Class B shares of the fund will continue to be available for incoming exchanges and for dividend reinvestment.

² Other investment frequencies may be available. Call 800-822-5544 for more information.

This service becomes active approximately one week after this form is processed. If no investment day(s) are chosen, the plan will process on the fifth day of each month or the next business day.

Payment Options

All parties on the account being withdrawn from must sign this application.

- Bank Account. Check one: Checking Account Savings Account
- A voided, imprinted check with full address is attached in the space provided or a letter on bank letterhead with account and routing numbers is enclosed.
- Use the initial investment check enclosed with this application for bank instructions.

B. TRANSACT

TransACT service allows you to move money between your bank account and the Legg Mason Fund of your choice. Purchase orders may be placed online through Account Access or by Telephone through Shareholder Services, or Telefund. Money is ACHed from your bank account electronically on any business day and may take approximately two to three business days to be credited to your Legg Mason account. The maximum amount contribution limit is \$2000. The minimum subsequent purchase per fund is \$50. All parties on the account being withdrawn from (bank account or Legg Mason Fund account) must sign this application.

Yes, I'd like to use the following TransACT Option:

Please check one box below:

- A voided imprinted check is attached in the space provided on page 8.
- A letter from my bank with account and routing numbers is enclosed.
- Use the initial investment check enclosed with this application for my bank instructions.

If you are requesting Future First or TransAct, tape your **voided**, imprinted check here
(do not staple).

If Future First systematic investments or TransAct ACH transfers are to be withdrawn from a joint account,
all parties on the funding account must sign this application.

C. ONLINE ACCOUNT ACCESS

Our online account access service allows you the flexibility to view your account activity at any time and includes other useful features to help you conveniently manage your account. As soon as you receive confirmation that your account has been established, visit us at www.leggmasonfunds.com/accountaccess to sign up for this service.

D. HOUSEHOLDING SERVICE

The householding service combines mailings of confirmations, statements, prospectuses, proxies, notices of meetings, shareholder reports, corporate action notices, or other communications for accounts within your household.

I currently have householding with Legg Mason Funds and I wish to add this fund account to my existing service. Existing member fund account number: _____ (This can be any account already linked to the household.) If you are not currently set up for householding but would like to consolidate the mail that you receive, please call Funds Investor Services at 1-800-822-5544 for information on this service.

E. eDELIVERY (GO PAPERLESS)

Legg Mason offers eDelivery of Account Statements, Daily Confirmations, Tax Forms, Prospectuses, Annual and Semi-Annual Fund Reports. If you consent to eDelivery, you will be sent email notifications alerting you that your documents are available for viewing on-line. Please note that confidential account information will not be sent by email. If an email is returned undeliverable, your account will be reset to receive paper copies of the documents. You can change your email address, delivery preferences or unsubscribe from eDelivery at any time by logging on to www.leggmason.com/gopaperless.

Please select which documents you would like to receive electronically by placing a check mark in the appropriate box(s):

- Account Statements and Daily Confirmations
- Fund Reports and Prospectuses

Tax Forms: IRS rules require consent to eDelivery of Tax Forms be made on-line. Please log on to www.leggmason.com/gopaperless and enroll today.

10 ACCUMULATION PRIVILEGE (CLASS A SHARES ONLY)

In order to take advantage of a reduction in sales charges that may be available to you when you purchase shares, you must inform the fund or your Service Provider at the time of each purchase if there are other accounts in which there are holdings eligible to be aggregated with your purchase. For your initial investment, you must complete this portion of the application. If eligible accounts are held by another financial institution please attach the current shareholder statements with respect to those accounts.

IMPORTANT: IT IS NECESSARY TO MAKE REFERENCE TO THIS ACCUMULATION PRIVILEGE EACH TIME YOU PURCHASE SHARES OF A LEGG MASON FUND.

I qualify for the Accumulation Privilege as described in the Prospectus. Listed below are the accounts eligible to be linked to the Coverdell account. For accounts NOT held directly with Legg Mason Funds, I have attached a copy of the most recent shareholder statement.

Account Number	Account Owner(s) Name(s)	Name of Financial Firm where account is held
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Account Number	Account Owner(s) Name(s)	Name of Financial Firm where account is held
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Account Number	Account Owner(s) Name(s)	Name of Financial Firm where account is held
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11 LETTER OF INTENT PRIVILEGE (CLASS A SHARES ONLY)

A Letter of Intent helps you take advantage of breakpoints in Class A sales charges. You may purchase shares of Legg Mason Funds over a 13-month period and pay the same sales charge, if any, as if all shares had been purchased at once. You select your Asset Level Goal by checking the appropriate box below. For detailed information regarding the Letter of Intent Privilege please refer to the Important Account Information Section that follows the application and the fund(s) Prospectus or SAI.

A. Asset Level Goal

\$25,000 \$50,000 \$100,000 \$250,000 \$500,000 \$750,000 \$1,000,000

B. Eligible Prior Purchases

You may credit toward your Asset Level Goal any Eligible Prior Purchases made in Eligible Accounts at any time prior to entering into this Letter that have not been sold or redeemed. Because the fund may not have access to information concerning all of the accounts in which your Eligible Prior Purchases may be held, to ensure that you receive credit towards your Asset Level Goal you must inform the fund or your Financial Advisor at the time you enter into this Letter about any other Eligible Prior Purchases that should be credited. Please provide the information below with respect to any eligible assets. If eligible accounts are held by another financial institution please attach the current shareholder statements with respect to those accounts. If the account is held in the name of your spouse or children under age of 21, please include the name of the account holder as well.

Account Number	Account Owner(s) Name(s)	Name of Financial Firm where account is held
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Account Number	Account Owner(s) Name(s)	Name of Financial Firm where account is held
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Account Number	Account Owner(s) Name(s)	Name of Financial Firm where account is held
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Legg Mason Disclosure

This section must be completed in order to establish your Legg Mason Funds account. Each Account Owner makes the following to Legg Mason and its affiliated entities ("Legg Mason"):

I have provided accurate and complete information. I have read and agree to all applicable terms of this Application and Adoption Agreement and the Important Account Information Section that follows the application ("agreement"). All investors hereby affirm receipt of a current prospectus for each fund purchased and agree to its terms. I have reviewed the current prospectus for the fund(s) in which I am investing and accept the terms stated therein. I have the authority and legal capacity to purchase mutual fund shares, am of legal age, and believe each investment is suitable for me. All other investors represent and warrant that the undersigned is duly authorized to sign this Application and to purchase or redeem fund shares on behalf of the investor, and that such authority and the purchase of fund shares is consistent with the investor's governing documents and any applicable law.

I understand that if investments are to be withdrawn from a joint bank account or bank account of another individual or corporation, signatures of all bank account holders are required and are included below. By selecting TransACT, I authorize Legg Mason and BNY Mellon Investment Servicing Trust Company, to initiate credits and debits to my account at the financial institution indicated. I further authorize my bank to accept any such credit or debit entries initiated and to credit or debit the account, without responsibility for the correctness thereof or for the existence of any further authorization relating thereto, through the ACH system, subject to the rules of the financial institution, ACH and Legg Mason. If necessary, I authorize Legg Mason to initiate adjustments for any debit or credit entries made to my account in error and further authorize my bank to accept said adjustments to my account. This authorization is in full force and effect until I notify Legg Mason of its revocation in writing. Any such notification shall be effective only with respect to entries initiated after receipt of such notification and only after Legg Mason has had sufficient time to act on such notification.

In the event of a fund merger or reorganization, I hereby authorize that all fund features that I have previously authorized for my account shall automatically convert to my new account in the new fund and remain in full force and effect until I notify Legg Mason Funds and the Custodian of my revocation in writing. I understand that any such notification shall be effective only with respect to entries initiated after receipt of such notification and only after Legg Mason has had sufficient time to act on such notification.

IMPORTANT ACCOUNT INFORMATION SECTION. I CERTIFY THAT THE ACCOUNTS LISTED ON THIS APPLICATION ARE ELIGIBLE TO BE LINKED TO MY ACCOUNT. I HAVE READ AND AGREE TO THE TERMS OF THE LETTER OF INTENT PRIVILEGE AS SET FORTH IN THE PROSPECTUS AND IMPORTANT ACCOUNT INFORMATION SECTION THAT FOLLOWS THE APPLICATION. I CERTIFY THAT THE ACCOUNTS LISTED ON THIS APPLICATION ARE ELIGIBLE ACCOUNTS.

I HAVE READ AND AGREE TO THE TERMS FROM PAGE 9 OF THE LEGG MASON ACCOUNT ACCESS SERVICE AS SET FORTH IN SECTION 16 OF THE IMPORTANT ACCOUNT INFORMATION SECTION THAT FOLLOWS THE APPLICATION. I ACKNOWLEDGE THAT THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE ACCORDANCE WITH SECTION 14 IN THE IMPORTANT ACCOUNT INFORMATION BOOKLET AND I AGREE IN ADVANCE TO ARBITRATE ANY CONTROVERSIES THAT ARISE BETWEEN ME AND LEGG MASON.

I HAVE READ AND AGREE TO THE TERMS OF THE ACCUMULATION PRIVILEGE AS SET FORTH IN THE PROSPECTUS AND IMPORTANT ACCOUNT INFORMATION SECTION THAT FOLLOWS THE APPLICATION. I CERTIFY THAT THE ACCOUNTS LISTED ON THIS APPLICATION ARE ELIGIBLE TO BE LINKED TO MY ACCOUNT.

As with all personal financial accounts, property may be transferred to the state if no activity occurs in your account within the time period specified by state law and we are unable to communicate with you about your account.

BNY MELLON INVESTMENT SERVICING TRUST COMPANY DISCLOSURE**TERMS AND CONDITIONS**

I (as Contributor, unless another party to the Application Form is noted in a particular case) hereby establish this Coverdell Education Savings Account for the benefit of the named Designated Beneficiary under the terms and conditions contained in this Application Form (which constitutes a binding agreement), including in particular but without limitation the terms and conditions of the Custodial Agreement. I agree that the Coverdell Account becomes effective only upon written acceptance by the Custodian and that such written acceptance will consist of a confirmation of transaction statement.

I agree that the Custodian may amend (add to, delete from or revise) any term of the agreement at any time by notice to me and that my sole remedy if I disagree with the amendment is to transfer funds in the Coverdell Account to another custodian.

Each contribution to the Coverdell Account will be invested in accordance with the written instructions provided with respect to that contribution. In the event that this is a rollover contribution, the undersigned hereby irrevocably elects to treat the contribution as a rollover contribution.

I acknowledge receiving and reading Parts I through V of the Application Agreement, which consists of the Application Instructions (Part I), the Disclosure Statement (Part II), the Custodial Agreement (Part III), the Application Form (Part IV) and the Privacy Policy (Part V) (terms are defined on first page of Application Agreement). I also acknowledge receiving and reading the current prospectus for each Mutual Fund I may have designated for investment.

Custodial Fees: \$15 annual maintenance fee per account. The annual maintenance fee may be paid by the Contributor or Responsible Individual at account opening or subsequently with respect to any calendar year. If the fee is not paid at account opening or if it is not paid by the date in a given calendar year that the Custodian sets for collection of the fee ("Fee Collection Date"), the Custodian is authorized to deduct the fee from the Custodial Account at the Fee Collection Date, or, if earlier in a given calendar year, the date the Custodial Account is closed. The Custodian reserves the right to change the custodial fee, but will give at least 30 days written notice to the Responsible Individual. The Custodian will keep records, identify and file returns and provide other information concerning the Custodial Account as required of custodians by any applicable provisions of the Code and IRS regulations.

I understand that the telephone transaction privileges will apply to my account. If I have telephone transaction privileges, I agree that neither the Custodian, Legg Mason Funds, nor their transfer agent, their agents, officers, trustees, directors or employees will be liable for any loss, liability or expense for acting, or refusing to act on instructions given under the telephone transaction privileges that are reasonably believed to be genuine and I accept the risk of loss.

Provision Regarding Involuntary Liquidations and Distributions: I have read Article X, Section 13 of the Custodial Agreement. I acknowledge that certain circumstances beyond the control of the Custodian may occur, which result in a liquidation of Mutual Funds in which the Custodial Account is invested or which result in the liquidation of holdings of the Custodial Account. I acknowledge that at Article X, Section 13 of the Custodial Agreement I have authorized the Custodian, following such occurrences, to act in its discretion with regard to the disposition of the liquidation proceeds if it does not receive clear instructions regarding the placement of the liquidation proceeds that it can practicably carry out, including distributing the liquidation proceeds to the Designated Beneficiary.

Certification If Designated Death Beneficiary Has Been Named: If I have named a Designated Death Beneficiary, the information I furnished in connection with that designation, including in particular but without limitation the Social Security Number, the date of birth and the relationship of the individual to the Designated Beneficiary, is true, correct and complete.

TIN Certification By Contributor and Responsible Individual: I certify under penalties of perjury that the Designated Beneficiary is a US person (including a US resident alien) and that the Social Security Numbers filled in on this Application Form for myself, the Responsible Individual and the Designated Beneficiary are true, correct and complete and that these numbers are the Taxpayer Identification Numbers of the respective individuals. (Foreign persons must use the appropriate Form W-8.)

Custodian's Customer Identification Program Statement: To help the U.S. government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions (such as the Custodian) to obtain, verify, and record information that identifies persons opening accounts. To comply, the Custodian requires the name, address, date of birth and government-issued identification number (generally, a Social Security Number) of the Contributor and the Responsible Individual (if the Responsible Individual is different from the Contributor) and other information that may help the Custodian to identify the Contributor and, if applicable, Responsible Individual. The Custodian may ask for copies of related documentation and the Custodian may consult third-party databases to help verify the identity of the Depositor and, if applicable, the Responsible Individual.

IMPORTANT

Tax Certification (Substitute W-9)

Exemptions (see instructions)

Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____

I understand that federal law requires financial institutions to obtain, verify and record information that identifies each person or entity that opens a new account. Account owners are asked to provide their names, addresses, dates of birth (if applicable) and other information, which may include driver's license numbers or other identification numbers, so that the institution can accurately verify their identity. If Legg Mason is unable to verify a client's identity within a reasonable time after the account opening, the firm may restrict or close the account.

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued and will provide the number to the fund as soon as it is issued), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification Instructions: Strike through item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. If a real estate transaction, no requirement to complete item 2. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN.

If you are subject to backup withholding, check the box in front of the following statement.

I have been notified by the IRS that I am subject to backup withholding.

The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Signature of Responsible Individual (or Designated Beneficiary if attained the age of majority in their state of residence) Date

Signature of Donor (if different from the Responsible Individual) Date

IF FUTURE FIRST SYSTEMATIC INVESTMENTS OR TRANSACT ACH TRANSFERS ARE COMING FROM A JOINT ACCOUNT, ALL PARTIES ON THE FUNDING ACCOUNT MUST SIGN THIS APPLICATION.

Other Required Signature (if applicable) Date

DEALER INFORMATION (FOR DEALER USE ONLY)

Notice to Financial Advisors: Failure to complete the information in this section will result in your inability to receive commissions. If no dealer number is listed below, Legg Mason Investor Services, LLC will be named the dealer on this account.

Dealer's Name (as it appears on Broker/Dealer Contract) NSCC Dealer Number (if applicable)

Street Address of Office Servicing Account City, State & Zip Code

Financial Advisor (FA) Name (exactly as it appears on firm's registration)

FA Number FA Branch Number FA Telephone Number

We guarantee signatures on this application and legal capacity of signers.

Authorized Signature of Dealer

CONTACT INFORMATION (INCLUDING CUSTOMER COMPLAINTS)

Mail:	Postal address Legg Mason Funds P.O. Box 9699 Providence, RI 02940-9699	Overnight carrier address Legg Mason Funds 4400 Computer Drive Westborough, MA 01581
Phone:	To speak with an investment professional regarding any of our funds, please call toll-free: 1-800-822-5544, Monday through Friday, 8:00 am – 5:30 pm (ET)	
Fax:	1-508-599-4186	
TeleFund:	To access our telephone account management service, please call toll-free: 1-877-6LMFUNDS (1-877-656-3863)	
Internet:	www.leggmasonfunds.com	

An investor should consider a Fund's investment objectives, risks, charges and expenses carefully before investing. For a free prospectus, which contains this and other information on any Legg Mason Fund, visit www.leggmasonfunds.com. An investor should read the prospectus carefully before investing.

IMPORTANT ACCOUNT INFORMATION FROM LEGG MASON

In connection with your Legg Mason Funds account (“fund account” or “account”), you (the “Account Owner” or “Client”) agree to the terms and conditions as set forth below by Legg Mason and its affiliated entities (“Legg Mason” or “we”).

1 NOTICE OF IDENTITY VERIFICATION

THE USA PATRIOT ACT: To help the government fight the funding of terrorism and money-laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. This information will be verified to ensure the identity of all individuals opening a mutual fund account. If you do not provide us with this information, we will not be able to open the account. If we are unable to verify your identity, we reserve the right to close your account or take other steps that we may deem advisable.

2 PRIVACY AND SECURITY NOTICE

Your Privacy and the Security of Your Personal Information is Very Important to the Legg Mason Funds

This Privacy and Security Notice (the “Privacy Notice”) addresses the Legg Mason Funds’ privacy and data protection practices with respect to nonpublic personal information the Funds receive. The Legg Mason Funds include any funds sold by the Funds’ distributor, Legg Mason Investor Services, LLC, as well as Legg Mason-sponsored closed-end funds. The provisions of this Privacy Notice apply to your information both while you are a shareholder and after you are no longer invested with the Funds.

The Type of Nonpublic Personal Information the Funds Collect About You

The Funds collect and maintain nonpublic personal information about you in connection with your shareholder account. Such information may include, but is not limited to:

- Personal information included on applications or other forms;
- Account balances, transactions, and mutual fund holdings and positions;
- Online account access user IDs, passwords, security challenge question responses; and
- Information received from consumer reporting agencies regarding credit history and creditworthiness (such as the amount of an individual’s total debt, payment history, etc.).

How the Funds Use Nonpublic Personal Information About You

The Funds do not sell or share your nonpublic personal information with third parties or with affiliates for their marketing purposes, or with other financial institutions or affiliates for joint marketing purposes, unless you have authorized the Funds to do so. The Funds do not disclose any nonpublic personal information about you except as may be required to perform transactions or services you have authorized or as permitted or required by law. The Funds may disclose information about you to:

- Employees, agents, and affiliates on a “need to know” basis to enable the Funds to conduct ordinary business or comply with obligations to government regulators;
- Service providers, including the Funds’ affiliates, who assist the Funds as part of the ordinary course of business (such as printing, mailing services, or processing or servicing your account with us) or otherwise perform services on the Funds’ behalf, including companies that may perform marketing services solely for the Funds;
- The Funds’ representatives such as legal counsel, accountants and auditors; and
- Fiduciaries or representatives acting on your behalf, such as an IRA custodian or trustee of a grantor trust.

Except as otherwise permitted by applicable law, companies acting on the Funds’ behalf are contractually obligated to keep nonpublic personal information the Funds provide to them confidential and to use the information the Funds share only to provide the services the Funds ask them to perform.

The Funds may disclose nonpublic personal information about you when necessary to enforce their rights or protect against fraud, or as permitted or required by applicable law, such as in connection with a law enforcement or regulatory request, subpoena, or similar legal process. In the event of a corporate action or in the event a Fund service provider changes, the Funds may be required to disclose your nonpublic personal information to third parties. While it is the Funds’ practice to obtain protections for disclosed information in these types of transactions, the Funds cannot guarantee their privacy policy will remain unchanged.

Keeping You Informed of the Funds’ Privacy and Security Practices

The Funds will notify you annually of their privacy policy as required by federal law. While the Funds reserve the right to modify this policy at any time they will notify you promptly if this privacy policy changes.

The Funds' Security Practices

The Funds maintain appropriate physical, electronic and procedural safeguards designed to guard your nonpublic personal information. The Funds' internal data security policies restrict access to your nonpublic personal information to authorized employees, who may use your nonpublic personal information for Fund business purposes only.

Although the Funds strive to protect your nonpublic personal information, they cannot ensure or warrant the security of any information you provide or transmit to them, and you do so at your own risk. In the event of a breach of the confidentiality or security of your nonpublic personal information, the Funds will attempt to notify you as necessary so you can take appropriate protective steps. If you have consented to the Funds using electronic communications or electronic delivery of statements, they may notify you under such circumstances using the most current email address you have on record with them.

In order for the Funds to provide effective service to you, keeping your account information accurate is very important. If you believe that your account information is incomplete, not accurate or not current, or if you have questions about the Funds' privacy practices, write the Funds using the contact information on your account statements, email the Funds by clicking on the Contact Us section of the Funds' website at www.leggmasonfunds.com, or contact the Fund at 1-877-721-1926.

Revised April 2011

3 REPRESENTATIONS OF ACCOUNT OWNER AND THOSE ACTING ON BEHALF OF ACCOUNT OWNER

Account Owner is at least 18 years old and of sound mind. Account Owner will notify Legg Mason immediately if Account Owner is or becomes (i) a member of an exchange, (ii) employed by an exchange, a registered broker/dealer, a bank, a trust company, or an insurance company or (iii) a FINRA member firm. Account Owner accepts full responsibility for any transactions Account Owner orders for his or her account.

4 SCOPE OF, AND CHANGES TO, THIS IMPORTANT ACCOUNT INFORMATION

The agreement will not be affected by Account Owner's incompetence, disability, incapacity, or death and is binding on Account Owner, Account Owner's estate, and those with the authority to act on Account Owner's behalf. It is also binding on any organization that may succeed Legg Mason's interest in Account Owner's account. Legg Mason may unilaterally amend this Agreement or close Account Owner's account at any time.

5 TYPE OF OWNERSHIP

If there is more than one Account Owner, the following types of account ownership are permitted:

Tenants in Common — If an Account Owner dies, the interests in the account as of the close of business on the date of death will be divided as specified by the client. If the death does not occur on a business day, the following business day will be used.

Joint Tenants with Rights of Survivorship — If an Account Owner dies, all interests in the account will pass to the survivor(s). The survivor's and the deceased's estates will be responsible for any liabilities in the account.

Tenants by the Entirety — This type of ownership is only permitted in certain jurisdictions and only if the Account Owners are husband and wife. If an Account Owner dies, all interests in the account will pass to the survivor, and the survivor will be responsible for any liabilities in the account.

If the account is jointly owned, then (i) each Account Owner agrees to be jointly and severally liable for all obligations under this application; (ii) each Account Owner shall have the authority to buy, sell and otherwise deal in money and fund shares on behalf of the account; and (iii) each Account Owner shall have the authority to request and receive money and fund shares from the account. Legg Mason may follow the instructions of any single Account Owner and is under no obligation to inquire into the purpose or propriety of any instructions.

6 RESPONSIBILITY FOR REVIEWING DOCUMENTS PROMPTLY

Account Owner agrees to review promptly upon receipt all confirmations, statements, and reports that Legg Mason sends to the Account Owner. Account Owner will immediately notify Shareholder Services (i) of any material change in the Account Owner's investment objectives, (ii) of any discrepancy or unauthorized activity, or (iii) if the Account Owner has not received fund shares delivered or checks disbursed as reported to Account Owner on account statements. Legg Mason may consider all confirmations, statements, and reports to have been fully accepted by Account Owner as correct and conclusive unless Account Owner notifies Shareholder Services of any discrepancies within 10 days of receipt. Account Owner understands that due to the volatile nature of the financial markets, Account Owner is solely responsible for any loss that results from any failure to notify a Shareholder Services Representative of any discrepancy or unauthorized activity within the time periods stated in this paragraph.

Account Owner will receive a monthly statement summarizing the transactions that occurred during the month. If no transactions occur during a month, the Account Owner will not receive a statement for that month, but will receive a statement, at minimum, quarterly. If Account Owner participates in a Future First[®] Systematic Investment Plan, Account Owner will not receive a confirmation for each transaction.

7 COMMUNICATIONS WITH LEGG MASON

Legg Mason will send all communications to Account Owner at the mailing address supplied by the Account Owner. Account Owner will notify Legg Mason in writing if there is any change to that address. Account Owner will send all communications to Legg Mason at the following address: Legg Mason Funds, P.O. Box 9969, Providence, RI 02940-9699.

8 IMPORTANT NOTE REGARDING PURCHASE, EXCHANGE AND REDEMPTIONS ORDERS

Account Owner understands that purchase, redemption or exchange orders received by Legg Mason before the close of regular trading on the New York Stock Exchange, normally 4:00 pm (EST), will be processed at the fund's net asset value as of the close of the exchange on that day. Orders received after the close of the exchange will be processed at the fund's net asset value as of the close of the exchange on the next day the exchange is open.

The ability to enter TransACT purchase orders should become available one week after Legg Mason's receipt of this application. Telephone redemption orders should become available after the investment check used to fund the account has cleared. A voided, imprinted check or bank deposit slip from your bank account must be provided in order to establish telephone purchase and/or redemption orders. Telephone redemption is available for non-fiduciary accounts only.

By electing to receive redemption proceeds electronically, Account Owner authorizes BNY Mellon Investment Servicing Trust Company to initiate credits and debits to the account at the financial institution indicated. Account Owner further authorizes the bank to accept any such credit or debit entries initiated and to credit or debit the account, without responsibility for the correctness thereof or for the existence of any further authorization relating thereto, through the ACH (Automated Clearing House) system, subject to the rules of the financial institution, ACH, Legg Mason and BNY Mellon Investment Servicing Trust Company. If necessary, Account Owner authorizes BNY Mellon Investment Servicing Trust Company to initiate adjustments for any debit or credit entries made to the account in error and further authorizes the bank to accept said adjustments to the account. This authorization is in full force and effect until Account Owner notifies Legg Mason of its revocation in writing. Any such notification shall be effective only with respect to entries initiated after receipt of such notification and only after Legg Mason has had sufficient time to act on such notification.

9 PERMISSIBLE INVESTMENTS

Any amounts held in the account may only be invested in Legg Mason Funds. Any contributions and transfers, as well as interest, dividends and other income, shall be invested and reinvested in shares of Legg Mason Funds as directed by the Account Owner (or any applicable successor) in accordance with the policies and procedures of Legg Mason and the current fund prospectus.

10 IMPORTANT NOTE REGARDING FUTURE FIRST® SYSTEMATIC INVESTMENT PLANS

Account Owner understands that Future First® is a systematic plan through which Account Owner may purchase shares at the applicable public offering price. The commissions or charges payable in connection with the purchase of fund shares are set forth in each fund's prospectus. Account Owner understands that this service becomes available approximately one week after this form is processed. If Account Owner makes any changes in bank information, Account Owner understands that transactions may not begin until one week after the new bank information is received by Legg Mason. Account Owner understands that Future First® purchases will be affected by BNY Mellon Investment Servicing Trust Company initiating debit entries to Account Owner's bank account indicated above. Account Owner authorizes Account Owner's bank to accept any debit entries initiated by BNY Mellon Investment Servicing Trust Company to such account and to debit and credit the same account without responsibility for the correctness thereof or for the existence of any further authorization relating thereto.

Account Owner understands that this arrangement may be terminated or changed (e.g., the amount or date of purchase) at any time by verbal or written notification to Shareholder Services at 1-800-822-5544, that such notification shall be effective only with respect to entries initiated by Legg Mason after receipt of such notification, and that a requested change or termination will commence as soon as practical after receipt of this form. **If Account Owner has selected the Future First® plan, it will remain active so long as the fund account has a positive balance. If the Legg Mason account receiving the investment reaches a zero balance, the plan will cease. If Account Owner chooses to continue the plan, Account Owner will call Shareholder Services at 1-800-822-5544.**

11 IMPORTANT NOTE REGARDING ACCOUNT SERVICE OPTIONS

Account service options will remain active so long as the fund account has a positive balance. If Account Owner would like to make changes or cancel any service, the Account Owner will call or notify Shareholder Services in writing.

12 ACCUMULATION PRIVILEGE (CLASS A SHARES ONLY)

The Legg Mason Funds Accumulation Privilege lets investors combine the current value of Class A shares of a Legg Mason Fund with all other shares of Legg Mason Funds that are owned by:

- the investor; or
- the investor's spouse and children under the age of 21; with the dollar amount of the investor's next purchase of Class A shares for purposes of calculating the investor's initial sales charge. In order to take advantage of reductions in sales charges that may be available to you when you purchase fund shares, you must inform the fund if there are other accounts in which there are holdings eligible to be aggregated with your purchase. To do so, you must complete the appropriate section of the account application and sign in the signature/certification section.

IMPORTANT: EACH PURCHASE OF SHARES MADE PURSUANT TO THIS ACCUMULATION PRIVILEGE IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE PROSPECTUS OF THE RELEVANT FUND IN EFFECT AT THE TIME OF THE SPECIFIC PURCHASE.

13 LETTER OF INTENT PRIVILEGE (CLASS A SHARES ONLY)

a. General. A Letter of Intent ("Letter") helps you take advantage of breakpoints in Class A sales charges. You may purchase Class A shares of Legg Mason Funds over a 13-month period and pay the same sales charge, if any, as if all shares had been purchased at once. You select your Asset Level Goal by checking the appropriate box on the Application.

Each time you make a purchase under this Letter, you will be entitled to the sales charge that is applicable to the amount of your Asset Level Goal. For example, if your Asset Level Goal is \$100,000, any Class A investments you make under this Letter would be subject to the sales charge of the specific fund you are investing in for purchases of \$100,000. Sales charges and breakpoints vary among the Legg Mason Funds.

By completing the appropriate portion of the Application and signing in the signature/certification section, you agree to all of the terms and conditions set forth in this Letter and the applicable fund(s) prospectus and Statement of Additional Information. You agree that in order to qualify for a reduced sales charge you intend, but are under no obligation, to purchase in Eligible Accounts over a 13 month period Eligible Fund Purchases in an amount equal to your Asset Level Goal, less any Eligible Prior Purchases. For this purpose, shares are valued at the public offering price (including any sales charge paid) calculated as of the date of purchase, plus any appreciation in the value of the shares as of the date of calculation, except for Eligible Prior Purchases, which are valued at current value as of the date of calculation. Your commitment will be met if at any time during the 13-month period the value, as so determined, of eligible holdings is at least equal to your Asset Level Goal. All reinvested dividends and distributions on shares acquired under this Letter will be credited toward your Asset Level Goal. You may include any Eligible Fund Purchases toward the Letter, including shares of classes other than Class A shares. However, this Letter of Intent will not entitle you to a reduction in the sales charge payable on any shares other than Class A shares, and if the shares are subject to a deferred sales charge, you will still be subject to that deferred sales charge with respect to those shares. Please note that shares redeemed or sold prior to reaching your Asset Level Goal will not be counted toward meeting your Goal.

IMPORTANT: IT IS NECESSARY TO MAKE REFERENCE TO THIS LETTER OF INTENT EACH TIME YOU PURCHASE SHARES OF A LEGG MASON FUND. PLEASE KEEP A COPY OF THE COMPLETED APPLICATION FOR YOUR RECORDS.

b. Eligible Fund Purchases. Generally, any shares of a Legg Mason Fund may be credited toward your Asset Level Goal. Shares of certain money market funds advised by the fund's manager or its affiliates (except for money market fund shares acquired by exchange from other Legg Mason Funds) are not eligible. This list may change from time to time. Please check with your Financial Advisor or a current prospectus to see which funds may be eligible. The "Letter of Intent" section in the prospectus of the relevant Legg Mason Fund contains additional details.

c. Eligible Accounts. Purchases may be made through any account in your name, or in the name of your spouse or your children under the age of 21. If any of the assets to be credited toward your goal are held in an account other than in your name, you may be required to provide documentation with respect to these accounts. Accounts held with a financial advisor are generally eligible, but you will be required to provide certain documentation, such as account statements, in order to include these assets.

d. Eligible Prior Purchases. You may also credit toward your Asset Level Goal any Eligible Fund Purchases made in Eligible Accounts at any time prior to entering into this Letter that have not been sold or redeemed, based on the current price of those shares as of the date of calculation. Because the fund may not have access to information concerning all of the accounts in which your Eligible Prior Purchases may be held, to ensure that you receive credit towards your Asset Level Goal you must inform the fund or your Financial Advisor at the time you enter into this Letter about any other Eligible Prior Purchases that should be credited by completing the applicable section in the Application.

- e. Increasing the Amount of the Letter. You may at any time increase your Asset Level Goal by contacting the transfer agent of the funds or your financial advisor. Upon such an increase, you will be credited by way of additional shares at the then current offering price for the difference between (a) the aggregate sales charges actually paid for shares already purchased under this Letter and (b) the aggregate applicable sales charges for the increased Asset Level Goal. However, you must contact the transfer agent or your financial advisor before purchasing shares in excess of the amount indicated on the Application, as no retroactive adjustments can be made. The 13-month period during which the Asset Level Goal must be achieved will remain unchanged.
- f. Sales and Exchanges. Shares acquired pursuant to this Letter, other than Escrowed Shares as defined below, may be redeemed or exchanged at any time, although any shares that are redeemed prior to meeting your Asset Level Goal will no longer count toward meeting your Goal. Complete liquidation prior to meeting your Asset Level Goal of purchases made under this Letter, however, will result in the cancellation of this Letter. See “Failure to Meet Asset Level Goal” below. Exchanges in accordance with a fund’s prospectus are permitted, and shares so exchanged will continue to count toward your Asset Level Goal, as long as the exchange results in an Eligible Fund Purchase.
- g. Cancellation of Letter. You may cancel this Letter by notifying the transfer agent or your financial advisor in writing, or the Letter will be automatically cancelled if all shares are sold or redeemed as set forth above. See “Failure to Meet Asset Level Goal” below.
- h. Escrowed Shares. Shares equal in value to five percent (5%) of your Asset Level Goal, as of the date this Letter is accepted (or the date any increasing the amount of the Letter is accepted), will be held in escrow during the term of this Letter (the “Escrowed Shares”). You hereby acknowledge and understand that you have authorized the Escrowed Shares to be held in this manner by completing this portion of the Application and signing below.
The Escrowed Shares will be included in the total shares owned as reflected in your account statement and any dividends and capital gains distributions applicable to the Escrowed Shares will be credited to your account and counted toward your Asset Level Goal or paid in cash upon request. The Escrowed Shares will be released from escrow if all the terms of this Letter are met.
- i. Failure to Meet Asset Level Goal. If the total assets under this Letter within its 13-month term are less than your Asset Level Goal or you elect to liquidate all of your holdings or cancel this Letter before reaching your Asset Level Goal, you will be liable for the difference between (a) the sales charge actually paid and (b) the sales charge that would have applied if you had not entered into this Letter. You may, however, be entitled to any breakpoints that would have been available to you under the accumulation privilege. An appropriate number of shares in your account will be redeemed to realize the amount due. For these purposes, by completing this portion of the Application and signing it, you irrevocably constitute and appoint the transfer agent of the Legg Mason Funds, or any successor as your attorney-in-fact for the purposes of holding the Escrow Shares and surrendering shares in your account for redemption. If there are insufficient assets in your account, you will be liable for the difference. Any Escrowed Shares remaining after such redemption will be released to your account.

IMPORTANT: EACH PURCHASE OF SHARES MADE PURSUANT TO THIS LETTER IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE PROSPECTUS OF THE RELEVANT FUND IN EFFECT AT THE TIME OF THE SPECIFIC PURCHASE.

14 CONSENT TO ARBITRATE

This agreement contains a predispute arbitration clause. By signing an arbitration agreement, you and Legg Mason (“the parties”) agree as follows:

- All parties to this arbitration agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which the claim is filed.
- Arbitration awards are generally final and binding; a party’s ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award.
- The panel of arbitrators typically will include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

Client agrees that all controversies that may arise between the Client and Legg Mason concerning any transaction or the construction, performance, or breach of this agreement, or any other agreement between the Client and Legg Mason, pertaining to securities and other property, whether entered into prior, on, or subsequent to the date hereof, shall be determined by arbitration.

Any arbitration under this agreement shall be conducted exclusively through the arbitration facilities provided by the Financial Industry Regulatory Authority or the Municipal Securities Rulemaking Board, in accordance with the rules of the selected organization then in effect.

The award of the arbitrators, or of the majority of them, shall be final, and judgment upon award rendered may be entered in any court – state or federal – having jurisdiction.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action, or who is a member of a putative class action who has not opted out of the class with respect to any claims encompassed by the putative class action, until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the Client is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.

15 BUSINESS CONTINUITY PLAN

Legg Mason maintains a Business Continuity Plan (“BCP”) that provides a course of action for the assessment of a significant disruption to Legg Mason business and for the continuation of Legg Mason business following such an event. The BCP consists of firmwide and departmental disaster recovery plans and includes the formation of a Legg Mason Incident Management Team (“IMT”).

The IMT would serve as the central source of coordination and communication in the event of a significant disruption to our business. During such an event, the IMT would first ensure the health and safety of our employees, and would then oversee the re-establishment and continuation of business processes pursuant to the BCP. The IMT is responsible for evaluating the disruption, instituting the appropriate plan of action, and coordinating recovery efforts.

The BCP is designed to address significant business disruptions of varying scope, including, but not limited to:

- Legg Mason-only business disruption;
- disruption to a single building in which Legg Mason business is conducted;
- disruption to a business district in which Legg Mason business is conducted;
- citywide business disruption;
- regional disruption; and
- national disruption.

In each of these scenarios, Legg Mason’s BCP provides for an evaluation of the scope of the business disruption, and sets forth various plans of action and recovery facilities for the continuation of Legg Mason’s business, as well as alternative means for the dissemination of information to employees and clients. The BCP serves as a guide that addresses how Legg Mason will continue to conduct business during each of the above scenarios, to the extent that is possible pursuant to the IMT’s evaluation. It is Legg Mason’s intention to minimize the recovery time necessary to resume operations.

Legg Mason conducts regular testing of the recovery of its backup facilities and systems in order to ensure that clients will be able to access their funds and securities within a reasonable time period following the significant business disruption. Clients should be assured that they will have prompt access to their cash and fund shares through Legg Mason’s backup systems. The BCP is subject to modification based on changing circumstances and assessment of need.

16 ACCOUNT PROTECTION/ACCOUNT ACCESS

Account Owners should take the following steps to maintain the security of their accounts:

- Account Owners should make checks payable to “Legg Mason Funds” when depositing funds into their fund accounts. Checks should not be made payable to other parties or an individual.
- Account Owners should review their account statement(s) regularly to verify deposits, withdrawals and transactions in their account(s).
- Account Owners should review trade confirmations on a timely basis to verify accuracy of transactions in their account(s).
- Regarding the Account Access system, Account Owners agree to never share their User IDs, passwords, or PINs (collectively, “Access Codes”) with anyone and should change their passwords regularly to ensure security. Account Owner accepts responsibility for all requests entered through and under such Access Codes, and understands and agrees that any instructions communicated to Legg Mason through the system will be considered sent by the Account Owner. Account Owner hereby ratifies any instructions communicated via the System for their account, and agrees that Legg Mason will not be liable for any cost, loss or expense for acting upon any such instructions.
- Any discrepancies discovered by an Account Owner should immediately be reported to Shareholder Services at 1-800-822-5544.

17 TAX REPORTING

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requires financial institutions to report the amount of the proceeds of securities sales in an Account Owner's account to the Internal Revenue Service (IRS). Accordingly, at the end of each year, Legg Mason will provide Account Owners and the IRS with information detailing reportable transactions.

18 FINANCIAL STATEMENT

Legg Mason's financial statement is available upon request or online at www.leggmason.com.

19 BROKER CHECK

Investors are reminded that FINRA offers BrokerCheck, a tool to help investors check the background of Investment Professionals and Firms. Investors can call the Broker/Check Hotline Number: 1-800-289-9999 or go online www.finra.org/brokercheck. FINRA also offers an investor brochure which describes FINRA BrokerCheck.

CONTACT INFORMATION (INCLUDING CUSTOMER COMPLAINTS)

Mail:	Postal address Legg Mason Funds P.O. Box 9699 Providence, RI 02940-9699	Overnight carrier address Legg Mason Funds 4400 Computer Drive Westborough, MA 01581
Phone:	To speak with an investment professional regarding any of our funds, please call toll-free: 1-800-822-5544, Monday through Friday, 8:00 am – 5:30 pm (ET)	
Fax:	1-508-599-4186	
TeleFund:	To access our telephone account management service, please call toll-free: 1-877-6LMFUNDS (1-877-656-3863)	
Internet:	www.leggmasonfunds.com	

LEGG MASON
GLOBAL ASSET MANAGEMENT

LEGG MASON FUNDS

Coverdell Education Savings Account

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PART I – COVERDELL ACCOUNT APPLICATION INSTRUCTIONS

(DO NOT USE THIS KIT TO ESTABLISH A ROTH, SEP, SIMPLE, OR TRADITIONAL IRA)

Certain Definitions:

"**Application Agreement**" or the "agreement" means the following sections of this document which constitute the binding agreement between Depositor and Custodian:

- Part I Coverdell Account Application Instructions ("**Application Instructions**")
- Part II Coverdell Account Disclosure Statement ("**Disclosure Statement**")
- Part III Coverdell Education Savings Account Custodial Agreement ("**Custodial Agreement**")
- Part IV Coverdell Education Savings Account Application and Adoption Agreement Form ("**Application Form**")
- Part V Privacy Policy of the Custodian ("**Privacy Policy**")

"**Code**" means the Internal Revenue Code, as amended.

"**Coverdell Account**" and "**Custodial Account**" each means the Coverdell Education Savings Account established by the Depositor with the Custodian by properly completing and signing the Application Form.

"**Custodian**", "**we**" and "**us**" each means BNY Mellon Investment Servicing Trust Company.

"**Depositor**" means the individual named as Contributor on the Application Form, unless none is named, in which case it means the individual named as the Responsible Individual on the Application Form.

"**Designated Beneficiary**" means the individual named as Designated Beneficiary on the Application Form for whose benefit the Coverdell Account is established.

"**IRS**" means the Internal Revenue Service.

"**Responsible Individual**" means the individual named as the Responsible Individual on the Application Form and who is generally the parent or legal guardian of the Designated Beneficiary.

General Instructions:

Complete and sign the Application Form. Refer to the Disclosure Statement or IRS Publication 970 for eligibility requirements and contribution restrictions.

Contributions may be made to the Coverdell Account for a Designated Beneficiary under the age of 18 by one or more individuals but the total contributions made to all Coverdell ESAs for the Designated Beneficiary cannot exceed \$2,000 for any tax year. This rule does not apply to:

1. Contributions which are qualified rollover contributions, as described in the Code or,
2. Contributions which are the result of a transfer of assets from the custodian or trustee of another Coverdell ESA.

Contributions to the Coverdell Account may be invested in one or more mutual funds pursuant to the Mutual Fund Option. (Please see "Available Options for Your Contributions" in the Disclosure Statement). Prospectuses for the mutual funds available through the Mutual Fund Option (the "**Mutual Funds**") may be obtained by calling 1-800-822-5544.

Before investing in a Mutual Fund, please be sure to read the prospectus for that Mutual Fund carefully. All portions of this Application Agreement are binding, so you are encouraged to read all portions, and in particular the section titled "Available Options for Your Contributions" in the Disclosure Statement, the Custodial Agreement and the section titled "Terms and Conditions" on the signature page of the Application Form.

Please make checks payable to Legg Mason Funds. The minimum initial investment is \$250.

Special Instructions Regarding Transfers and Rollovers:

To establish the Coverdell Account using assets from another Coverdell ESA, follow the general instructions for establishing the Coverdell Account and note where provided on the Application Form that the contribution is a transfer or rollover from another Coverdell ESA.

Assets may be transferred or rolled over to this Coverdell Account from another Coverdell ESA in the name of the Designated Beneficiary or from a Coverdell ESA held by a family member of the Designated Beneficiary (subject to certain restrictions).

- For transfers (directly from the current trustee or custodian), please complete the "Coverdell ESA Transfer of Assets Form."
- For rollovers, please complete the "Coverdell ESA Certification of Rollover Assets". Rollovers must be completed within 60 calendar days of receipt.

Mail the Completed Application to:

First Class Mail:

Legg Mason Funds
P.O. Box 9699
Providence, RI 02940-9699

Overnight Mail:

Legg Mason Funds
4400 Computer Drive
Westborough, MA 01581
1-800-822-5544

PART II - DISCLOSURE STATEMENT

In addition to this Disclosure Statement, the following additional disclosure materials should be read: the Custodial Agreement, the "[Terms and Conditions](#)" on the signature page of the Application Form, and the prospectus applicable to each Mutual Fund in which contributions to the Coverdell Account will be invested.

Provisions below which apply to all Coverdell Education Savings Accounts generally will use the terms "Coverdell ESA". Provisions which apply specifically to the Coverdell Account created by this agreement will use the term "Coverdell Account" or "Custodial Account".

Custodian's Requirements That May Affect Your Account

BNY Mellon Investment Servicing Trust Company ("BNY Mellon", "we", or "us") provides custodial and administrative services for your retirement or savings account. As a result of this role, persons who open a retirement or savings account are considered 'customers' of BNY Mellon ("you" or "your").

To help the U.S. Government fight the funding of terrorism and money laundering activities, Federal law requires the Custodian, as a financial institution, to obtain, verify, and record information that identifies each person who opens an account. All accounts we open are opened on a conditional basis – conditioned on our ability to verify your identity in accordance with Federal law.

When establishing an account, you are required to provide your full legal name, address, government issued identification number (e.g. social security number), date of birth, and other information within your account-opening application that will allow us to identify you. We may also request a copy of your driver's license or other identifying documents and may consult third-party databases to help verify your identity. If the account you are opening will be registered in the name of a beneficiary, trust, or estate or charity we may require additional identifying documentation.

If you fail to provide any requested identifying information or documentation when opening your account, your new account application may be rejected.

If we open your account, and you subsequently fail to provide all identification materials we request or if we are subsequently unable to adequately verify your identity as required by U.S. Government regulations, we reserve the right to take any one or more of the following actions:

- We may place restrictions on your account which block all purchase transactions and we may place additional restrictions on your account blocking other transactional activities if we determine such additional restrictions are appropriate under Federal law or regulation.
- We may close your account, sell (i.e., "liquidate") the assets in your account in the prevailing market at the time, and send you a check representing the cash proceeds of your account. This distribution will be reported to the IRS and may result in unfavorable consequences to you under Federal and state tax laws.

You May Incur Losses. Despite being opened as a conditional account, your account will be invested as you instruct and you will be subject to all market risks during the period between account opening and any liquidation necessitated by your failure to furnish requested identifying information or by an inability to adequately verify your identity. You may also be subject to additional market risks if the additional transactional restrictions discussed in the first bullet above are placed on your account. In addition, the closing of your account may subject you to fees and charges imposed under the terms of the Eligible Assets in which you are invested, and any sales charges you may have paid in connection with your purchases will not be refunded.

You Assume All Responsibility For These Losses. The Custodian expressly disclaims any responsibility or liability for losses you incur as a result of your failure to furnish identification materials we request, including investment losses and any other loss or damage (including but not limited to lost opportunities and adverse tax consequences). If you proceed with the account opening process, you accept all risks of loss resulting from any failure of yours to furnish the identification materials we request or from a subsequent inability to adequately verify your identity in accordance with Federal law.

STATE UNCLAIMED PROPERTY LAW DISCLOSURE

The assets in your Custodial Account are subject to state unclaimed property laws which provide that if no activity occurs in your account within the time period specified by the particular state law, your assets must be transferred to the appropriate state. We are required by law to advise you that your assets may be transferred to an appropriate state in compliance with these state laws.

DISCLOSURES REQUIRED BY IRS REGULATIONS

The following information is the disclosure statement required by IRS regulations.

THE COVERDELL ACCOUNT

The following requirements apply to the Coverdell Account:

1. No contribution can be accepted:
 - a) unless it is in the form of "cash" by check, draft, or other form acceptable to the Custodian;
 - b) after the date on which the Designated Beneficiary attains age 18, unless a "special needs" Designated Beneficiary (as determined by IRS regulations), or
 - c) if such contribution would result in an excess contribution for the Designated Beneficiary (exceeding the \$2,000 annual contribution limit). Assets transferred or rolled over into the Coverdell Account are excluded from the annual contribution limit.
2. The custodian or trustee must be a bank or other entity authorized by the IRS to act as trustee or custodian of an Individual Retirement Account ("IRA").
3. No part may be invested in life insurance contracts.
4. The asset of the account may not be mixed with other property except in a common trust fund or common investment fund.

CONTRIBUTIONS

The maximum contribution to a Designated Beneficiary's Coverdell ESA is \$2,000 for any given tax year. Any contribution made to the Coverdell Account will be treated as a contribution for the year it is received, unless the contribution is made between January 1 and the April 15th postmark deadline and you have identified the contribution as a prior year contribution. For the year in which the Designated Beneficiary reaches age 18, contributions must be made on or before the Designated Beneficiary's 18th birthday, with the exception of a "special needs" Designated Beneficiary. See the section titled "GENERAL QUESTIONS AND ANSWERS" (Q&A #6) for information regarding correcting amounts contributed to Coverdell ESAs in excess of the allowable limit.

ROLLOVER AND TRANSFER CONTRIBUTIONS

Coverdell ESAs may be rolled over or redesignated to another designated beneficiary, who is an eligible family member as defined in Code section 529(e)(2), as long as the new designated beneficiary is under the age of 30. Rollovers must be completed within 60 calendar days of the date of receipt. Only one rollover per Coverdell ESA is allowed during the 12-month period ending on the date of the payment or distribution. Trustee-to-Trustee Transfers are also allowed between Coverdell ESAs registered in the name of the Designated Beneficiary or between an eligible family member of the Designated Beneficiary. For more information see the section titled "GENERAL QUESTIONS AND ANSWERS" (Q&A #24).

AVAILABLE OPTIONS FOR YOUR CONTRIBUTIONS

Subject to any minimum investment requirements, contributions to the Coverdell Account must be allocated to one or more of the Mutual Funds made available in connection with the Coverdell Account.

Mutual Fund Option: An investment in one or more Mutual Funds involves investment risks, including possible loss of principal. In addition, growth in the value of Mutual Funds is neither guaranteed nor protected due to the characteristics of a mutual fund investment. Detailed information about the shares of each Mutual Fund available for investment of the Coverdell Account contributions must be furnished in the form of a prospectus. The method for computing and allocating annual earnings is set forth in the prospectus. (See the section of each prospectus entitled "Dividends.") The prospectus also sets forth the costs and expenses incurred by being invested in a particular Mutual Fund; such costs and expenses reduce any yield from the particular Mutual Fund. (See the section of the prospectus entitled "Expense Table" and the sections referred to therein.) For further information regarding expenses, earnings, and distributions of a particular Mutual Fund, see that Mutual Fund's financial statements, prospectus and/or statement of additional information.

In Article X, Section 13 Coverdell Custodial Account Agreement ("Section 13"), which constitutes an important part of the Application Form, you authorize the Custodian to act in its discretion for your benefit in situations where assets in your Custodial Account are liquidated and the Custodian has not received instructions from you in a timely manner regarding the disposition of such proceeds or where the only instructions received from you cannot reasonably or practicably be carried out. For example, a Mutual Fund may take actions which result in that Mutual Fund, or in your investment in that Mutual Fund, being involuntarily liquidated. The Mutual Fund or the prospectus for that Mutual Fund may direct that the proceeds of the liquidation be placed in an asset not available to you under the Application Form or provide solely that the cash or other property resulting from the liquidation be distributed directly to shareholders. If the Custodian does not receive timely instructions from you that it can reasonably and practicably carry out (for example, in-kind property distributed by the Mutual Fund may not be a permissible asset for your Custodial Account), then in Section 13 you authorize the Custodian to exercise its discretion in acting on your behalf, including taking such actions as placing the proceeds in a money market mutual fund, an FDIC-insured bank account or money market account, distributing the proceeds to you or holding the proceeds uninvested. Other examples may exist involving different liquidation circumstances and different restrictions or limitations regarding the disposition of the proceeds. The Custodian expressly disclaims any liability for any action taken or omitted under the authority of Section 13, unless the Internal Revenue Code or regulations implementing the Internal Revenue Code require otherwise.

DISTRIBUTIONS UPON ATTAINING AGE 30 OR DUE TO THE DESIGNATED BENEFICIARY'S DEATH

Any balance in the Coverdell Account on the date the Designated Beneficiary turns 30 years old, or, if earlier, the date of the Designated Beneficiary's death, must be distributed within thirty (30) days of such date. If such distribution has not occurred at the end of the 30-day period, the account balance will be deemed to have been distributed on that date.

A Designated Death Beneficiary may be named for the Coverdell Account. The Designated Death Beneficiary must be an eligible family member as described in the Custodial Agreement and must be under age 30 on the date of the Designated Beneficiary's death in order to receive the account assets. If the Designated Death Beneficiary predeceases the Designated Beneficiary, or the Designated Death Beneficiary attains age 30 before the Designated Beneficiary's death, all assets will be paid to the estate of the Designated Beneficiary. Alternately, a tax free rollover or redesignation of the account to an eligible family member, who is under the age of 30, would still be allowed within the thirty day period following the Designated Beneficiary's death, as defined in the Custodial Agreement. See the section titled "GENERAL QUESTIONS AND ANSWERS" (Q&A #27 and 28.)

TAX INFORMATION REGARDING DISTRIBUTIONS

Distributions used to pay for qualified elementary, secondary, and higher education expenses are excludable from taxable gross income to the extent the amount does not exceed the qualified education expenses of the Designated Beneficiary during the year. The portion of any distribution which exceeds, or is not used for, such expenses is a "nonqualified distribution." Nonqualified distributions are treated as representing a pro-rata share of the principal and accumulated earnings in the account. The accumulated earnings portion of a nonqualified distribution is includable in the taxable gross income of the Designated Beneficiary. The accumulated earnings portion of a nonqualified distribution is generally also subject to an additional 10% tax, unless the distribution is due to the death or disability of the Designated Beneficiary, the receipt of certain scholarship payments by the Designated Beneficiary, or includable in income solely because the HOPE or Lifetime Learning tax credit was elected. For more information see the section titled "GENERAL QUESTIONS AND ANSWERS" (Q&A #21, 22 and 23).

FEES AND CHARGES

There is a \$15.00 annual maintenance fee per account per year. This fee is owed and due for each full and partial calendar year that the IRA Account is open. The participant may pay the fee with funds other than those in the IRA Account ("non-custodial funds"). If the fee for a calendar year is not paid by the participant from non-custodial funds by the date reasonably designated by the Custodian or prior to closing the IRA Account, the Custodian is authorized to deduct the fee from funds in the IRA Account at any time immediately after such payment due date or immediately after receiving instructions to close the IRA Account. The Custodian is authorized to change the fee but will give at least 30 days written notice to the participant of any fee change.

IRS APPROVED FORM

Articles I through IX of the Custodial Agreement are substantially the same as Articles I through IX of IRS Form 5305-EA, the IRS model custodial account form. Certain variations permitted by the IRS are reflected in Article V and VI with certain additional terms added as Article X. Coverdell ESAs established using the Custodial Agreement will meet the requirements of the Code applicable to Coverdell ESAs. However, the IRS has not endorsed the investments permitted under this Coverdell Account. **This Custodial Agreement cannot be used in connection with Roth, SEP, SIMPLE, or Traditional IRAs.**

GENERAL INFORMATION

Coverdell Education Savings Accounts (Coverdell ESAs) were established under the Taxpayer Relief Act effective in 1998. This type of account was originally called an Education Individual Retirement Account and the annual contribution limit per Designated Beneficiary for 1998 through 2001 was \$500. Effective for contributions made for tax year 2002, the annual contribution limit is increased to \$2,000 per Designated Beneficiary. The Economic Growth and Tax Relief Reconciliation Act increased the annual contribution limit, as well as made other important changes that are described in the following questions and answers. Amounts deposited in the account grow tax-free until distributed, and the Designated Beneficiary will not owe tax on any withdrawal from the account if the Designated Beneficiary's qualified education expenses at an eligible educational institution for the year equal or exceed the amount of the withdrawal. If the Designated Beneficiary does not need the money for educational purposes, the account balance can be rolled over to a Coverdell ESA of certain family members who can use it for their education. Amounts withdrawn from a Coverdell ESA that exceed the Designated Beneficiary's qualified education expenses in a taxable year are generally subject to income tax and to an additional tax of 10 percent.

There are potentially three (or more) parties involved in the establishment of, making contributions to, and directing distributions from the account. These parties are referred to in the following questions and answers, and include the:

Depositor: The Depositor is the initial contributor who establishes the Coverdell ESA by executing the Application Form and who contributes the initial contribution. Subsequent contributions to the account may be made by the original Depositor or by other eligible contributors. The Depositor may also be the Designated Beneficiary and/or the Responsible Individual.

Designated Beneficiary: The Designated Beneficiary is the individual for whose benefit the Coverdell ESA is established. Except for "special needs Designated Beneficiaries", no contribution can be made after the Designated Beneficiary's 18th birthday. The Designated Beneficiary may also be the Depositor and/or the Responsible Individual.

Responsible Individual: The Responsible Individual is the individual who generally controls all decisions regarding the account, including authorizing payments from the account. There can be only one Responsible Individual at any time and generally must be a parent or legal guardian of the Designated Beneficiary. However, in certain cases the Designated Beneficiary may automatically become his or her own Responsible Individual. The Responsible Individual may also be the Depositor.

GENERAL QUESTIONS AND ANSWERS

Q1: What is a Coverdell Education Savings Account (Coverdell ESA)?

A1: A Coverdell ESA is a trust or custodial account that is created or organized in the United States exclusively for the purpose of paying the qualified education expenses of the Designated Beneficiary of the account. The account must be designated as a Coverdell ESA when it is created in order to be treated as a Coverdell ESA for tax purposes.

Q2: For whom may a Coverdell ESA be established?

A2: A Coverdell ESA may be established for the benefit of any child under the age of 18. Contributions to a Coverdell ESA are not permitted after the Designated Beneficiary reaches his/her 18th birthday.

Q3: Where may an individual open a Coverdell ESA?

A3: An individual may open a Coverdell ESA with any bank, or other financial institution that has been approved to serve as a nonbank trustee or custodian of an Individual Retirement Account (IRA), and the bank or entity is offering Coverdell ESAs.

Q4: When may a taxpayer start contributing to a Coverdell ESA?

A4: A taxpayer may start making contributions on January 1, 1998, or at any time thereafter.

Q5: How much may be contributed to a Coverdell ESA on behalf of a Designated Beneficiary?

A5: For tax years 1998 through 2001, the maximum contribution limit per year was \$500 in aggregate contributions made for the benefit of any Designated Beneficiary. For tax year 2002 and thereafter, the maximum contribution limit per year is \$2,000 in aggregate contributions made for the benefit of any Designated Beneficiary. Contributions may be made into a single Coverdell ESA or into multiple Coverdell ESAs for the benefit of any one Designated Beneficiary.

Q6: What happens if more than the maximum annual contribution limit is contributed to a Coverdell ESA on behalf of a Designated Beneficiary for a particular calendar year?

A6: Aggregate contributions for the benefit of any one Designated Beneficiary in excess of annual limit for a particular calendar year are treated as excess contributions. If the excess contributions (and any earnings attributable to them) are not withdrawn from the ESA that received the excess contribution by May 31st of the calendar year following the calendar year in which the excess was made, the excess contribution is subject to a 6 percent excise tax for each year the excess amount remains in the account. If the excess contributions (and any earnings) are timely withdrawn, no 6 percent excise tax applies. However, any earnings distributed in such a corrective distribution will be taxable to the Designated Beneficiary, but no 10% additional tax applies to the earnings.

Q7: May contributions other than cash be made to a Coverdell ESA?

A7: No. Coverdell ESAs are permitted to accept contributions made in cash only.

Q8: May contributors take a deduction for contributions made to a Coverdell ESA?

- A8:** No. Contributions to a Coverdell ESA are not deductible. Therefore, contributions to a Coverdell ESA create "basis" in the account. This means that any distributions that are not used for qualified education expenses are taxable only with respect to any earnings on the contributions.
- Q9: Are there any restrictions on who can contribute to a Coverdell ESA?**
- A9:** Any individual may contribute to a Coverdell ESA if the individual's modified adjusted gross income for the taxable year for which the contribution is made is no more than \$95,000 (\$190,000 for married taxpayers filing jointly). For purposes of this section, "modified AGI" means the AGI of the taxpayer for the taxable year increased by amounts excluded from gross income under sections 911 (foreign earned income); 931 (income from Guam, American Samoa, or Northern Mariana Islands); and 933 (income from Puerto Rico). The maximum annual contribution per Designated Beneficiary is gradually reduced for individuals with modified adjusted gross income between \$95,000 and \$110,000 (between \$190,000 and \$220,000 for married taxpayers filing jointly).
- For example, an unmarried taxpayer with modified adjusted gross income of \$96,500 could make a maximum contribution for the year per Designated Beneficiary of \$1,800 ($\$110,000 - \$96,500 \times .1333 = \$1,800$). A married individual filing jointly with modified adjusted gross income of \$215,000 could make a maximum contribution for the year per Designated Beneficiary of \$350 ($\$220,000 - \$215,000 \times .07 = \350). Taxpayers with modified adjusted gross income above \$110,000 (\$220,000 for married taxpayers filing jointly) cannot make contributions to anyone's Coverdell ESA.
- Q10: May a Designated Beneficiary contribute to his/her own Coverdell ESA?**
- A10:** Yes.
- Q11: Does a taxpayer have to be related to the Designated Beneficiary in order to contribute to the Designated Beneficiary's Coverdell ESA?**
- A11:** No.
- Q12: Can entities make contributions to the Designated Beneficiary's Coverdell ESA?**
- A12:** Yes. Any entity can make contributions to the Designated Beneficiary's Coverdell ESA without regard to such entity's adjusted gross income. For example, Century Computer Services, Inc. decides to make Coverdell ESA contributions on behalf of any child under the age of 18 of their employees in the amount of \$500. Century Computer Services, Inc. qualifies as a contributor regardless of the company's adjusted gross income, but the company cannot take a deduction for such contributions. Also, other contributions up to \$1,500 could be made into the same Coverdell ESA or another Coverdell ESA on behalf of any one of these employees' children.
- Q13: Is the contributor to a Coverdell ESA required to have compensation or earned income in order to make contributions?**
- A13:** No. The contributor (whether an individual or an entity) is not required to have earned income or compensation.
- Q14: What is the deadline for making contributions to a Coverdell ESA for a particular tax year?**
- A14:** Beginning for contributions made for tax year 2002, the deadline to make contributions is the tax filing deadline for such year not including extensions. Thus, in most cases, the deadline to make contributions for a tax year is the following April 15th. The contributor should designate in writing to the trustee or custodian the tax year for which the contribution is being made.
- Q15: Are there any special reporting requirements for a Coverdell ESA?**
- A15:** Yes. The trustee or custodian will issue an annual Form 5498-ESA to the IRS and to the Designated Beneficiary reporting contributions made for the tax year, and any rollover contributions or transfers received during the tax year. The trustee or custodian will also issue Form 1099-Q to the IRS and to the Designated Beneficiary whenever distributions or transfers are paid from the account. The Designated Beneficiary is responsible for determining whether or not a distribution is taxable and to file Form 5329 with the IRS if excess contributions have been made to the account or if distributions were made that exceed the qualified education expenses for the year. If a rollover or transfer is made from the Coverdell ESA of one Designated Beneficiary to another eligible family member of the Designated Beneficiary, certain statements must be attached to the tax returns of both the original Designated Beneficiary and the eligible family member to which the account was rolled over or transferred (see Form 1040 instructions). Taxable distributions from a Coverdell ESA are included in gross income on the "Other Income" line of Form 1040. The trustee or custodian is not required to report the taxable amount of any distribution from the ESA, except for earnings that are distributed on a returned contribution. The Designated Beneficiary will use the worksheet in IRS Publication 970 to figure the earnings, basis and taxable amount of any ESA distributions.
- Q16: How many Coverdell ESAs may a Designated Beneficiary have?**
- A16:** There is no limit on the number of Coverdell ESAs that may be established for a particular Designated Beneficiary. However, for any given taxable year the total aggregate contributions to all the accounts for a particular Designated Beneficiary may not exceed the annual contribution limit described in Q&A 5.
- Q17: May a Designated Beneficiary take a tax-free withdrawal from a Coverdell ESA to pay qualified education expenses if the Designated Beneficiary is enrolled less than full-time at an eligible educational institution?**
- A17:** Yes. Whether the Designated Beneficiary is enrolled full-time, half-time, or less than half-time, he/she may take a tax-free withdrawal to pay qualified education expenses.
- Q18: What happens when a Designated Beneficiary withdraws assets from a Coverdell ESA to pay for qualified education expenses?**
- A18:** Generally, the withdrawal is tax-free to the Designated Beneficiary to the extent the amount of the withdrawal does not exceed the Designated Beneficiary's qualified education expenses.
- Q19: What are "qualified education expenses"?**
- A19:** "Qualified education expenses" mean qualified higher education expenses for tuition, fees, books, supplies, and equipment required for the enrollment or attendance of the Designated Beneficiary at an eligible educational institution. Qualified higher education expenses also include room and board (generally the school's posted room and board charge, or \$2,500 per year for students living off-campus and not at home) if the Designated Beneficiary is at least a half-time student at an eligible educational institution. A student will be considered to be enrolled at least half-time if the student is enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled.

The standards for determining whether a student is enrolled at least half-time are the same as those used for the Hope Scholarship Credit. A student is eligible for the Hope Scholarship Credit if: (1) for at least one academic period (e.g., semester, trimester, quarter) beginning during the calendar year, the student is enrolled at least half-time in a program leading to a degree, certificate, or other recognized educational credential and is enrolled in one of the first two years of postsecondary education, and (2) the student is free of any conviction for a Federal or State felony offense consisting of the possession or distribution of a controlled substance. For purposes of the Hope Scholarship Credit, a student will be considered to be enrolled at least half-time if the student is enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled. The institution's standard for a full-time workload must equal or exceed the standards established by the Department of Education under Higher Education Act and set forth in 34 CFR 674.2(b).

Beginning in 2002, qualified education expenses also include qualified elementary and secondary education expenses for tuition, fees, academic tutoring, special needs services in the case of a special needs beneficiary, books, supplies, and other equipment which are incurred in connection with the enrollment or attendance of the Designated Beneficiary as an elementary or secondary school student at a public, private or religious school. Such expenses also include room and board, uniforms, transportation, and supplementary items and services (including extended day programs) which are required or provided by a public, private or religious school in connection with such enrollment or attendance, and expenses for the purchase of any computer technology or equipment or Internet access and related services, if such technology, equipment, or services are to be used by the Designated Beneficiary and the Designated Beneficiary's family during any of the years the Designated Beneficiary is in school.

Qualified education expenses also include amounts contributed to a qualified state tuition program. Also, qualified education expenses are reduced by any amount provided by scholarship, educational assistance allowance, or any other payment (other than a gift or bequest) which is excludable from gross income under any law of the United States.

Q20: What is an eligible educational institution?

A20: For purposes of qualified higher education expenses, an eligible educational institution is any college, university, vocational school, or other postsecondary educational institution that is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088) and, therefore, eligible to participate in the student aid programs administered by the Department of Education. This category includes virtually all accredited public, nonprofit, and proprietary postsecondary institutions. (The same eligibility requirements for institutions apply for the Hope Scholarship Credit, the Lifetime Learning Credit, and early withdrawals from IRAs for qualified higher education expenses).

For purposes of elementary and secondary education expenses, an eligible education institution means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under state law.

Q21: What happens if a Designated Beneficiary withdraws an amount from a Coverdell ESA but does not have any qualified education expenses to pay in the taxable year he/she makes the withdrawal?

A21: Generally, if a Designated Beneficiary withdraws an amount from a Coverdell ESA and does not have any qualified education expenses during the taxable year, a portion of the distribution is taxable. The taxable portion is the portion that represents earnings that have accumulated tax-free in the account. The taxable portion of the distribution is also subject to a 10 percent additional tax unless an exception applies. Form 5329 is required to be filed with the IRS by the Designated Beneficiary. The 10 percent additional tax does not apply to distributions made: (1) to a death beneficiary (or to the estate of the Designated Beneficiary) after the death of the Designated Beneficiary; (2) attributable to the Designated Beneficiary becoming disabled within the meaning of section 72(m)(7) of the Internal Revenue Code; or (3) made on account of a scholarship, allowance or payment to the extent such payment or distribution does not exceed the amount of such scholarship, allowance or payment.

Q22: Is a distribution from a Coverdell ESA taxable if the distribution is contributed to another Coverdell ESA?

A22: Any amount distributed from a Coverdell ESA and rolled over to another Coverdell ESA for the benefit of the same Designated Beneficiary or certain members of the Designated Beneficiary's family is not taxable. An amount is rolled over if it is paid to another Coverdell ESA on a date within 60 days after the date of the distribution. Members of the Designated Beneficiary's family include the Designated Beneficiary's spouse, children, grandchildren, sibling, parent, niece or nephew, son-in-law, daughter-in-law, father-in-law, mother-in-law, or sister-in-law, and the spouse of any such individual. A first cousin, but not his or her spouse is also an eligible family member of the Designated Beneficiary. The annual contribution limit to Coverdell ESAs does not apply to these rollover contributions. For example, an older brother who has \$5,000 left in his Coverdell ESA after he no longer needs the account for education purposes can roll over the full \$5,000 balance to a Coverdell ESA for his younger sister who is still in high school without paying any tax on the transfer or rollover. The eligible family member to whose Coverdell ESA such amount is rolled over or transferred must be under the age of 30. Only one rollover between Coverdell ESAs is permitted during a 12-month period.

Q23: What happens to the assets remaining in a Coverdell ESA after the Designated Beneficiary finishes his/her education?

A23: There are two options. The amount remaining in the account may be withdrawn for the Designated Beneficiary. The Designated Beneficiary will be subject to both income tax and the additional 10 percent tax on the portion of the amount withdrawn that represents earnings if the Designated Beneficiary does not have any qualified education expenses in the same taxable year he/she makes the withdrawal. Alternatively, if the amount in the Designated Beneficiary's Coverdell ESA is withdrawn and rolled over (or transferred) to another Coverdell ESA for the benefit of an eligible member of the Designated Beneficiary's family, the amount rolled over or transferred will not be taxable.

Q24: Rather than rolling over money from one Coverdell ESA to another, may the Designated Beneficiary of the account be changed from one Designated Beneficiary to another without triggering a tax?

A24: Yes, provided: (1) the terms of the particular trust or custodial account permit a change in Designated Beneficiaries, and (2) the new Designated Beneficiary has not attained age 30 and is a member of the previous Designated Beneficiary's family.

Q25: May a student or the student's parents claim the Hope Scholarship Credit or Lifetime Learning Credit for the student's expenses in a taxable year in which the student receives money from a Coverdell ESA on a tax-free basis?

A25: Yes, effective for tax year 2002. If a student is receiving a tax-free distribution from a Coverdell ESA in a particular taxable year (beginning in 2002), the student's expenses may generally be claimed as the basis for a Hope Scholarship Credit or Lifetime Learning Credit for that same year, provided however

that the distributed amount from the Coverdell ESA is not used for the same educational purposes as the tax credit.

Q26: May contributions be made to both a qualified state tuition program and a Coverdell ESA on behalf of the same Designated Beneficiary in the same taxable year?

A26: Yes, beginning in tax year 2002. The excise tax prohibiting contributions to both a Coverdell ESA and a qualified state tuition program was repealed for 2002 and forward. Therefore, contributions may be made to a Coverdell ESA on behalf of a Designated Beneficiary during the same taxable year in which any contributions are made to a qualified state tuition program on behalf of the same Designated Beneficiary. However, if distributions from a Coverdell ESA and a qualified state tuition program exceed the Designated Beneficiary's qualified education expenses for the year, the Designated Beneficiary is required to allocate the expenses between the distributions to determine the amount includible in gross income, if any.

Q27: What happens to the assets remaining in the Coverdell ESA after the death of the Designated Beneficiary?

A27: Generally within 30 days after the death of the Designated Beneficiary, distribution is made to the Designated Beneficiary's estate; or the Responsible Individual may change the name of the Designated Beneficiary to an eligible family member under the age of 30 of the original Designated Beneficiary, if the agreement permits. Alternatively, if the agreement permits the naming of a Designated Death Beneficiary, any remaining balance in the account on the date of death of the Designated Beneficiary shall become payable to such Designated Death Beneficiary. If the Designated Death Beneficiary is not an eligible family member of the Designated Beneficiary, the entire balance must be distributed within 30 days of the death of the Designated Beneficiary. If the Designated Death Beneficiary is an eligible family member of the Designated Beneficiary, the entire balance may be rolled over or transferred tax free to a Coverdell ESA on behalf of such Designated Death Beneficiary. Any distributions paid after the date of death of the Designated Beneficiary are taxable to the extent such distribution represents earnings, unless the account is rolled over or transferred to a Coverdell ESA on behalf of an eligible family member of the Designated Beneficiary.

Q28: What happens to the assets remaining in the Coverdell ESA after the Designated Beneficiary attains the age of 30?

A28: Any balance remaining in the Coverdell ESA when the Designated Beneficiary attains the age of 30 must be distributed to such Designated Beneficiary within 30 days. However, if permitted under the agreement, the remaining balance may be rolled over or transferred to a Coverdell ESA on behalf of an eligible family member.

Q29: Do the age requirements described above apply to "special needs" Designated Beneficiaries?

A29: No. A Coverdell ESA established on behalf of any Designated Beneficiary with special needs (as determined by IRS regulations) may continue to receive contributions after the Designated Beneficiary's 18th birthday. In addition, any remaining balance in a Coverdell ESA on behalf of any Designated Beneficiary with special needs is not required to be distributed within 30 days after the Designated Beneficiary attains the age of 30.

Q30: Does the Internal Revenue Service provide a publication that contains more information on Coverdell ESAs?

A30: Yes. IRS Publication 970, Tax Benefits for Higher Education, contains information regarding the Coverdell ESA, as well as claiming the Hope Credit, Lifetime Learning Credit, student loans, penalty-free withdrawals from IRAs for certain education expenses, employer-provided educational assistance and qualified state tuition programs. The Custodian recommends that the Depositor, Designated Beneficiary and/or Responsible Individual read Publication 970 before making contributions to or taking distributions from a Coverdell ESA. Publication 970 can be downloaded from the IRS web site at www.irs.gov.

Q31: Can payments received from a military death gratuity or a payment from Servicemember's Group Life Insurance (SGLI) be contributed to a Coverdell ESA?

A.31: Yes, if you received a military death gratuity or a payment from the SGLI after October 6, 2001, you may roll over all or part of the amount received to one or more Coverdell ESAs for the benefit of members of the beneficiary's family. Such payments are made to an eligible survivor upon the death of a member of the armed forces. The contribution to a Coverdell ESA from survivor benefits received after June 16, 2008, cannot be made later than 1 year after the date on which you receive the gratuity or SGLI payment. If you received survivor benefits before June 17, 2008, with respect to a death from injury occurring after October 6, 2001, you could have contributed to a Coverdell ESA no later than June 17, 2009. The amount contributed from the survivor benefits is treated as part of your basis in the Coverdell ESA and will not be taxed when distributed. Also, the one rollover per Coverdell ESA during a 12-month period does not apply to a military death gratuity or SGLI payment.

PART III

Coverdell Education Savings Account Custodial Agreement

(Under Section 530 of the Internal Revenue Code) (October 2010) Form 5305-EA

The Depositor is the individual designated on the Application Form as the Contributor, or, if no Contributor is designated, the Depositor is the individual designated on the Application Form as the Responsible Individual. The Depositor is establishing a Coverdell Education Savings Account under section 530 of the Code for the benefit of the Designated Beneficiary exclusively to pay for qualified elementary, secondary, and higher education expenses, within the meaning of section 530(b)(2) of the Code, of such Designated Beneficiary.

The Custodian has given the Depositor the disclosure statement required under section 1.408-6 of the IRS regulations.

The depositor and the Custodian make the following agreement:

Article I

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

Article II

No part of the Custodial Account funds may be invested in life insurance contracts, nor may the assets of the Custodial Account be commingled with other property except in a common trust fund or a common investment fund (within the meaning of section 530(b)(1)(D)).

Article III

1. Any balance to the credit of the Designated Beneficiary on the date on which he or she attains age 30 shall be distributed to him or her within 30 days of such date.
2. Any balance to the credit of the Designated Beneficiary shall be distributed within 30 days of his or her death unless the Designated Death Beneficiary is a family member of the Designated Beneficiary and is under the age of 30 on the date of death. In such case, that family member shall become the Designated Beneficiary as of the date of death.

Article IV

The Depositor shall have the power to direct the Custodian regarding the investment of the Initial Contribution (and earnings thereon). The Responsible Individual, however, shall have the power to redirect the Custodian regarding the investment of such amounts, as well as the power to direct the Custodian regarding the investment of all additional contributions (including earnings thereon) to the Custodial Account. In the event that the Responsible Individual does not direct the Custodian regarding the investment of additional contributions (including earnings thereon), the initial investment direction of the Depositor also will govern all additional contributions made to the Custodial Account until such time as the Responsible Individual otherwise directs the Custodian. Unless otherwise provided in this agreement, the Responsible Individual also shall have the power to direct the Custodian regarding the administration, management, and distribution of the account.

Article V

1. The "Responsible Individual" named by the Depositor shall be a parent or guardian of the Designated Beneficiary. The Custodial Account shall have only one Responsible Individual at any time. If the Responsible Individual becomes incapacitated or dies while the Designated Beneficiary is a minor under state law, the successor Responsible Individual shall be the person named to succeed in that capacity by the preceding Responsible Individual in a witnessed writing or, if no successor is so named, the successor Responsible Individual shall be the Designated Beneficiary's other parent or successor guardian. Unless otherwise directed by checking the option (if available) in the Application Form, on the date that the Designated Beneficiary attains the age of majority under state law, the Designated Beneficiary will automatically become, in addition to Designated Beneficiary the Responsible Individual and will then and thereafter, with respect to the Custodial Account, be entitled to exercise all rights and privileges of the Responsible Individual under law and the Application Agreement. If a family member under the age of majority under state law becomes the Designated Beneficiary by reason of being a Designated Death Beneficiary, the Responsible Individual must be one of the Designated Death Beneficiary's parents or guardians.
2. **Under this agreement, the Responsible Individual shall not continue to serve as the Responsible Individual for the Custodial Account after the Designated Beneficiary attains the age of majority under state law and until such time as all assets have been distributed from the Custodial Account and the Custodial Account terminates. If the Responsible Individual becomes incapacitated or dies after the Designated Beneficiary reaches the age of majority under state law, the Responsible Individual shall be the Designated Beneficiary.**

Article VI

Under this agreement, the Responsible Individual may change the Designated Beneficiary to another member of the Designated Beneficiary's family, as described in and subject to Section 529(e)(2) of the Code, in accordance with the Custodian's procedures.

Article VII

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 530(h).
2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and Responsible Individual the reports prescribed by the IRS.

Article VIII

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

Article IX

This agreement will be amended as necessary to comply with the provisions of the Code and the related IRS regulations. Other amendments may be made with the consent of the Depositor and Custodian whose signatures appear on the Coverdell ESA Application and Adoption Agreement Form.

Article X

1. **Eligible Assets:** Monies in the Custodial Account (including earnings) may be invested solely in assets permissible under the Code which have been designated by the Custodian as eligible for investment ("**Eligible Assets**") by the Custodial Account. The purchase price of each Eligible Asset will be determined in accordance with the market applicable to the particular Eligible Asset purchased. The Custodian may change the assets eligible for investment by the Custodial Account at any time in its reasonable discretion, including for purpose of clarification changes which delete from eligibility assets previously eligible for investment ("**Ineligible Assets**"). The Custodian is authorized to take such actions with respect to Ineligible Assets in the Custodial Account as it in its reasonable discretion determines to be appropriate after providing reasonable notice to the Responsible Individual, to the extent permitted by applicable law and regulation, including without limitation investing income earned on Ineligible Assets in Eligible Assets, exchanging Ineligible Assets for Eligible Assets, transferring monies represented by the Ineligible Assets to Eligible Assets and liquidating the Ineligible Assets and placing the cash proceeds of the liquidation in an FDIC-insured bank account, a money market mutual fund account or other appropriate account or holding the cash uninvested pending receipt of instructions from the Responsible Individual.
2. **Investment Directions:** The Custodian will comply with the investment directions given by the Depositor with respect to the contribution made to the Custodial Account in connection with the opening of the Custodial Account (whether the Depositor is the Responsible Individual or a separate person) ("**Initial Contribution**"). The Custodian will comply with the investment directions given by any subsequent contributor to the Custodial Account with respect to the contribution made by that contributor. At all times after the date of a contribution, the Custodian will comply with the investment directions of the Responsible Individual with respect to all contributions in the Custodial Account. Any contributions received by the Custodian under this Agreement for which the Custodian does not contemporaneously receive investment directions may, at the sole discretion of the Custodian, be returned to the contributor, be held uninvested until investment direction is received from the contributor, in either case without such funds being deemed contributed to the Custodial Account, or be invested in accordance with the last investment directions given to the Custodian by the Responsible Individual, or, if no such investment directions have been given and the Depositor was not the same person as the Responsible Individual, then in accordance with the investment directions given by the Depositor with respect to the Initial Contribution.
3. **Applicable Law:** Except to the extent superseded by federal law, this Agreement shall be governed by, and construed, administered and enforced according to, the laws of the State of Delaware, without regard to any conflict of laws provisions which would apply the law of any other jurisdiction, and all contributions shall be deemed made in Delaware.
4. **Notices:** The Custodian agrees to forward, or to cause to be forwarded, to the individual who is the Responsible Individual (i) the then-current prospectus, if any, applicable to each Eligible Asset held in the Custodial Account, and (ii) any notices, proxies and proxy soliciting materials received by it with respect to Eligible Assets held in the Custodial Account. The Designated Beneficiary shall be the beneficial owner of all Eligible Assets held in the Custodial Account, and the Custodian shall not vote any such shares except upon written direction of the Responsible Individual.
5. **Annual Accounting:** The Custodian shall, at least annually, provide the Responsible Individual with an accounting of the Coverdell Account. Such accounting shall be deemed to be accepted by the Responsible Individual if the Responsible Individual does not object in writing within 60 days after the mailing of such accounting.
6. **Amendment:** Without in any way limiting Article IX but nevertheless notwithstanding Article IX, the Responsible Individual hereby irrevocably delegates to the Custodian the right and power, and hereby irrevocably authorizes the Custodian, to amend at any time and from time to time the terms and provisions of this Agreement and hereby consents to any such amendments, provided the amendment does not violate any applicable provision of the Code or the IRS regulations thereunder or any other law or governmental regulation or ruling. Each such amendment shall be effective when the notice of such amendment is mailed to the address of the Responsible Individual indicated by the Custodian's records, or such other date as may be indicated in the notice. In the event the Responsible Individual objects to any such amendment, the Responsible Individual's sole remedy is to terminate the Custodial Account and request a complete distribution of assets in the Custodial Account.
7. **Resignation and Removal of Custodian:**
 - (a) The Custodian may resign at any time by appointing a successor trustee or custodian ("**Successor Custodian**") to serve under this agreement or under another governing instrument selected by the successor trustee or custodian ("**Successor Agreement**") and by sending notification of its resignation and the appointment of the Successor Custodian no less than thirty (30) days in advance of the effective date of the resignation and including with the resignation notice a copy of the Successor Agreement, if applicable, and any related disclosure materials. If the Responsible Individual does not on or before the effective date of the resignation request a liquidation and distribution of all investments in the Custodial Account or designate a different successor trustee or custodian, the Custodian is authorized and directed to liquidate all holdings of the Custodial Account and transfer the cash liquidation proceeds to the Successor Custodian subject to all terms of any Successor Agreement, and no executed written instrument of any Account Party of any nature shall be required to effect such transfer. The Successor Custodian may rely on any information, including death beneficiary designations, previously provided to the Custodian.
 - (b) The Responsible Individual may at any time, at the sole cost and expense of the Custodial Account, remove the Custodian and replace the Custodian with a successor trustee or custodian designated by the Responsible Individual by giving 30 days advance written notice to the Custodian. In such event, the Custodian shall liquidate all holdings of the Custodial Account and transfer the cash liquidation proceeds to the Successor Custodian in accordance with standard industry practices, including the receipt of all appropriate signed documentation, and otherwise as reasonably directed by the Responsible Individual. However, the Custodian may retain a portion of the assets of the Custodial Account as a reserve for payment of any anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor trustee or custodian upon satisfaction of such fees and expenses. The Custodian may decline to act under this provision if any course of conduct requested of the Custodian by the Responsible Individual could reasonably be interpreted to be a violation of any law or regulation.
 - (c) Any successor trustee or custodian shall be a bank (as defined in section 408(n) of the Code) or such other person found qualified to act as a trustee or custodian under a Coverdell ESA by the Secretary of the U.S. Treasury or his delegate. The appointment of a successor trustee or custodian shall be effective upon receipt by the Custodian of such successor's written acceptance, which shall be submitted at a minimum to the Custodian. Within 30 days of the effective date of such successor's appointment, the Custodian shall transfer and deliver to the successor

applicable account records and assets of the Custodial Account (reduced by any unpaid amounts referred to in paragraph 7(b) of this Article X). The successor Custodian shall be subject to the provisions of this Agreement (or any successor thereto) on the effective date of its appointment.

8. Custodian's Fees and Expenses:

- (a) The Custodian shall be entitled to receive any and all reasonable fees specified in the Custodian's current published fee schedule for establishing and maintaining the Custodial Account, including, but not limited to, any fees for distributions from, transfers from, and terminations of the Custodial Account ("**Fees**"). The Custodian may change its fee schedule at any time by giving the Responsible Individual 30 days prior written notice.
- (b) The Custodian shall be entitled to reimbursement for any reasonable expenses incurred by the Custodian in the performance of its duties in connection with the Custodial Account, including without limitation administrative expenses, such as legal and accounting fees, expenses incurred in connection with the proceeding described in subsection (d) below, and any taxes of any kind whatsoever that may be levied or assessed with respect to such account ("**Reimbursable Expenses**").
- (c) The Custodian may deduct from the Custodial Account and any contributions to and distributions from the Custodial Account, and transfer to its own account, amounts equal to the Fees and Reimbursable Expenses it is entitled to receive if such amounts are not paid by the Depositor, the Designated Beneficiary or the Responsible Individual. The Depositor, Designated Beneficiary and Responsible Individual shall remain responsible for any Fees and Reimbursable Expenses the Custodian is not able to recover from such sources.
- (d) In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the proceeds of the Custodial Account, the Custodian reserves the right to withhold any payment from the Custodial Account, to request a court ruling to determine the disposition of such proceeds.

9. **Rollovers:** The Custodian is authorized to accept rollover contributions as described in Article I of this Custodial Agreement. The Custodian reserves the right to refuse any such rollover contribution which is not (i) in the form of cash, or (ii) accompanied by all records and other documentation the Custodian reasonably determines appropriate to establish the nature, value and extent of the assets and interests therein.

10. **Withdrawal Requests:** The Custodian may act in accordance with requests for withdrawal, distribution, or payment from the Custodial Account ("**Withdrawal Request**") if (i) the Withdrawal Request is submitted in good order on a form designated by the Custodian or (ii) is made by means of recorded telephone conversation with the Responsible Individual, both specifying the reason for the Withdrawal Request, and (iii) the Custodian is furnished with all certificates, tax waivers, signature guarantees, and other documents (including proof of any legal representative's authority) in good order it may determine to be appropriate. The Custodian will comply with the method and form of payment designated to the extent reasonable and practicable but may in its sole discretion effect all withdrawals, distributions and payments in cash (by check or other cash transfer method).

11. Limitations on Custodian's Liabilities and Responsibilities:

- (a) The Custodian shall have no liability or responsibility whatsoever for:
 - (i) any incomplete or inaccurate information provided by an Account Party;
 - (ii) any tax consequences arising from contributions to or withdrawals from the Custodial Account, from any failures to make contributions to or withdrawals from the Custodial Account, or from any activity or conduct engaged in by the Custodian, regardless of whether effected pursuant to instructions received from an Account Party or pursuant to authority granted by the Application Agreement;
 - (iii) acting in accordance with or reliance on any such instructions, statement or communication, including without limitation in connection with a Withdrawal Request, which appears on its face to be genuine and given by a proper Account Party or for declining to act pursuant to any such instruction, statement or communication not appearing on its face to be genuine or given by an Account Party entitled to give the instruction, statement or communication;
 - (iv) conducting any inquiry to the genuineness or lack thereof of any instruction or communication received from an Account Party;
 - (v) compliance with contribution limits imposed by the Code or IRS regulations;
 - (vi) acting with respect to a matter in reliance on the most recent relevant information furnished by an Account Party as reflected in the records or files of the Custodial Account;
 - (vii) any losses, damages, penalties, fines, costs, expenses or other consequences of whatsoever nature whether or not foreseeable incurred by an Account Party in connection with the Custodial Account or any course of conduct by the Custodian;
 - (viii) reasonably acting on oral instructions, statements or communications from an Account Party;
 - (ix) the collection or propriety of any contribution, rollover or transfer to the Custodial Account;
 - (x) the investment of funds in the Custodial Account, including any funds held uninvested; or
 - (xi) the suitability of any investment selected by an Account Party for the Custodial Account.
- (b) The Custodian expressly disclaims any and all fiduciary responsibilities and duties and any duty or obligation to furnish tax, legal or investment advice, counseling or directions, and none of the foregoing shall be implied. Depositor acknowledges that Custodian has not given any tax, legal or investment advice, counseling or directions.
- (c) Any course of conduct engaged in by the Custodian with third parties pursuant to the Application Agreement is engaged in as agent.

12. **Indemnification by Account Parties.** Each Account Party and his or her respective successors, heirs and assigns, including any executor or administrator of a beneficiary, shall, to the extent permitted by law, indemnify and hold the Custodian and the Sponsor and their successors and assigns harmless from any and all claims, actions or liabilities arising in connection with activities and duties contemplated by the Custodial Agreement, except those arising from the negligence, recklessness or intentional misconduct of, as applicable, the Custodian or Sponsor.

13. **Fund Liquidation and Other Events Permitting Custodian Exercise of Administrative Discretion.** In the event any asset or property held in the Custodial Account (or any asset or property previously subject to the operation of this section and administered by the Custodian) is redeemed or liquidated, matures, or is otherwise converted to cash or other property (a "Liquidation") for any reason or under any circumstances and the Custodian does not receive timely instructions designating what it should do with the proceeds of such Liquidation (the "Proceeds") from any person lawfully entitled to give instructions with respect to the Custodial Account, including without limitation the registered owner of the Custodial Account ("Owner") and successors and representatives of the Owner, including beneficiaries, heirs, executors, and administrators, or other proper persons or entities, or instructions are received but they cannot reasonably or practicably be carried out as given or are ambiguous or unclear, the Owner expressly directs and authorizes the Custodian to take "Any Reasonable Course Of Conduct". "Any Reasonable Course Of Conduct" is hereby defined to mean a course of conduct that the Custodian determines to be reasonable under the circumstances -- this course of conduct may include any one or more of the following, but it is not limited to the following: (i) depositing Proceeds in an FDIC-insured bank account or any other account, or using Proceeds to purchase shares of a money market mutual fund or any other asset or property, (ii) distributing Proceeds to persons the Custodian reasonably determines to be lawfully entitled to distributions from the Custodial Account, (iii) holding Proceeds uninvested in a general account of the Custodian or other depository; and (iv) resigning as Custodian and engaging in a course of conduct, including any described in clauses (i) through (iii), outright and free of trust, if the Owner does not appoint a Custodian which immediately accepts transfer of all Proceeds, although nothing in this clause (iv) shall be interpreted to obligate the Custodian to resign before taking any course of conduct, including any described in clauses (i) through (iii).

In the event any agreement or understanding (other than this Custodial Account agreement) pursuant to which or in consideration of which the Custodian serves as custodian of the account is terminated (and is not renewed or replaced) and a successor custodian does not take custody of the account in connection with or following such termination, the Custodian, after not less than 30 days notice to the Owner or such other persons as the Custodian reasonably determines to be entitled to give instructions with respect to the account, may (i) take Any Reasonable Course Of Conduct with respect to any assets or property in the Custodial Account, any Proceeds or any asset or property previously subject to the operation of this section and still administered by the Custodian, and (ii) may reset custodial fees charged to and owed by the account owner to the Custodian to an amount equal to the costs of maintaining the Custodial Account.

The Custodian is authorized to pay or recover any costs and expenses associated with taking Any Reasonable Course of Conduct by utilizing the assets, property or Proceeds involved or by retaining a portion of such in a reserve and subsequently distributing any unused portion of the reserve. To offset administrative costs of the Custodian under any of the above described circumstances not otherwise recovered the Custodian shall be entitled to retain for its own account any incidental benefits earned in connection with taking Any Reasonable Course of Action, including "float", bank service credits or overnight investment earnings.

The Custodian shall not be liable for any action taken in reliance on this section, unless such liability is required by the Internal Revenue Code or regulations implementing the Internal Revenue Code, and the Owner expressly waives and releases the Custodian from all such liability. Without limiting the generality of the foregoing, in the event the Custodian makes a distribution from the Custodial Account to the persons it reasonably determines to be entitled to account distributions, the Owner and such persons shall bear sole responsibility for any taxes, fines, assessments penalties, levies, tariffs, or other liabilities or consequences of any nature arising or resulting from the distribution, including non-monetary liabilities or consequences, and for taking any actions following the distribution to avoid or mitigate any liabilities or consequences.

This section shall not be interpreted so as to impose any duty of any nature on the Custodian if any one or more of the events described in this section occurs, whether a duty to take or omit to take any act in particular, to place Proceeds in any particular asset or property, to take possession of Proceeds if possession is discretionary, to exercise discretionary investment authority over the Custodial Account, or to distribute Proceeds to the Owner. For purposes of clarification, it is the intention of this section to provide the Custodian with the broadest possible discretion permitted by law, including the discretion to hold Proceeds uninvested.

The Owner authorizes the Custodian to escheat or otherwise remit to appropriate jurisdictions in accordance with applicable abandoned property or other laws any assets or property in the Custodial Account, any Proceeds or any asset or property previously subject to the operation of this section and still administered or held by the Custodian, and to the extent any of the foregoing consists of anything other than cash, the Custodian may escheat or remit the non-cash asset, property or Proceeds or the cash resulting from a liquidation of such non-cash asset, property or Proceeds.

The Custodial Account Owner acknowledges and accepts the risks of owning the account as described in this section, including the investment risks and tax consequences of the Custodian taking Any Reasonable Course Of Conduct.

14. **Change of Designated Beneficiary:**

- (a) If elected in the Adoption Agreement, prior to the date that the Designated Beneficiary reaches the age of majority under applicable state law or otherwise lacks legal capacity, the Responsible Individual may at any time change the Designated Beneficiary for the Custodial Account to any family member of the original Designated Beneficiary under the age of 30 or direct the Custodian to roll over or transfer the funds in the Custodial Account to a Coverdell ESA of a family member of the original Designated Beneficiary under the age of 30. If elected in the Adoption Agreement, while in possession of legal capacity, the Designated Beneficiary may at any time change the Designated Beneficiary of the Custodial Account to a family member of the original Designated Beneficiary under the age of 30 or may at any time direct the Custodian to roll over or transfer the funds in the Custodial Account to a Coverdell ESA of any family member of the original Designated Beneficiary under the age of 30.
- (b) Any change of Designated Beneficiary under this Custodial Account Agreement complying with subsection (a) above shall not be treated as a distribution if the new Designated Beneficiary is a member of the family (as defined under Section 21.b below) and such new Designated Beneficiary has not attained the age of 30, as of the date of such change.
- (c) Notwithstanding any other provision of the Custodial Account agreement, a new Designated Beneficiary may be named within 30 days after the Designated Beneficiary attains the age of 30.

15. **Designated Beneficiary's Minority or Incapacity:** The following provisions apply while the Designated Beneficiary is a minor or lacks legal capacity:

- (a) The Responsible Individual shall have, to the exclusion of the Designated Beneficiary, all of the rights, powers, and responsibilities granted to the Designated Beneficiary under this Custodial Agreement.
- (b) In the event the Responsible Individual dies, becomes disabled, or otherwise fails or refuses to act and no successor Responsible Individual has been appointed, or no duly appointed Responsible Individual is willing or able to serve, then a parent of the Designated Beneficiary or the legal guardian or conservator of the estate of the Designated Beneficiary may appoint a Responsible Individual in writing on a form acceptable to and filed with the Custodian.

16. **Designated Death Beneficiary:** At any time after the opening of the Custodial Account, and notwithstanding the designation of one or more Designated Death Beneficiaries by the Depositor, the Responsible Individual shall be entitled to designate the Designated Death Beneficiaries of the Custodial Account on a form provided by and acceptable to the Custodian; provided, however, only Family Members of the original Designated Beneficiary who are under 30 years of age at the time of designation may be designated as Designated Death Beneficiaries. In the event of the Designated Beneficiary's death: (i) If a Designated Death Beneficiary is under 30 years of age at the time of such death, such individual's interest in the Custodial Account shall become a Coverdell ESA of such individual; (ii) If no Designated Death Beneficiary designation is in effect at the time of death or if none of the Designated Death Beneficiaries survive the Designated Beneficiary, the balance of the Custodial Account will be paid to the estate of the Designated Beneficiary; and (iii) If any Designated Death Beneficiary is 30 years of age or older at the time of such death, the interest of such individual will be paid to the estate of the Designated Beneficiary. Special rules apply if a Designated Death Beneficiary is a "special needs" beneficiary.
17. **Nominee Registration:** The Custodian may hold all Eligible Assets in accounts registered to the Custodian or its nominee as record owner. Such record ownership shall not abridge or alter the beneficial ownership in the Custodial Account of the Designated Beneficiary.
18. **Termination:** The Custodial Account and the Custodial Agreement shall terminate at such time as the Custodian distributes all assets in the Custodial Account, except that terms necessary for the enforcement of rights that survive termination shall remain in effect for purposes of such enforcement.
19. **Agents:** The Custodian is authorized to hire agents to perform its duties under this agreement.
20. **Income Taxes:** The Custodian shall be responsible solely for the performance of those duties expressly assigned to it in this Agreement and by operation of law. In determining the taxable amount of a distribution, the Responsible Individual shall rely only on the federal tax records of the Designated Beneficiary.
21. **Certain Additional Definitions:** Certain capitalized terms used in this Custodial Agreement are defined on the first page of the Application Agreement. In addition, the following terms have the ascribed meaning:
 - (a) **"Account Party"** and **"Account Parties"** mean the Depositor, the Responsible Individual, the Designated Beneficiary, any Designated Death Beneficiary, any contributor to the Custodial Account subsequent to the Depositor, and the respective successors, heirs and assigns of each, including any executor or administrator, considered collectively, whether referred to in the singular or the plural.
 - (b) **"Family Members"** of the Designated Beneficiary include his or her spouse, child, grandchild, sibling, parent, niece or nephew, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, first cousin and the spouse of any of the foregoing except first cousins.
 - (c) **"Sponsor"** means the affiliate of the Mutual Funds who caused or induced the Custodian by written agreement or otherwise to offer the Custodial Account to purchasers of the Mutual Funds.
22. **References to Responsible Individual:** References to "Responsible Individual" in this Custodial Agreement mean the individual designated as the Responsible Individual at the time then-relevant, regardless of whether the Responsible Individual is at that time also the Depositor, the Designated Beneficiary, a Designated Death Beneficiary or none of the foregoing.

FACTS	WHAT DOES BNY MELLON INVESTMENT SERVICING TRUST COMPANY DO WITH YOUR PERSONAL INFORMATION?
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Why?	<p>Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information.</p> <p>Please read this notice carefully to understand what we do.</p>
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What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> • Social Security number • Account balances • Transaction history • Account transactions • Retirement assets <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>
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How?	<p>All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons BNY Mellon Investment Servicing Trust Company chooses to share; and whether you can limit this sharing.</p>
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Reasons we can share your personal information	Does BNY Mellon Investment Servicing Trust Company share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes—to offer our products and services to you	No	No
For joint marketing with other financial companies	No	No
For our affiliates' everyday business purposes—information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes—information about your creditworthiness	No	No
For our affiliates to market to you	No	No
For nonaffiliates to market to you	No	No

Questions?	Call 855-649-0623
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Who we are

Who is providing this notice?

BNY Mellon Investment Servicing Trust Company, custodian for self-directed savings and retirement accounts, such as Individual Retirement Accounts, Qualified Plans and 403(b)(7) Plans, and for mutual fund Wrap Product and Global Cash Portal accounts

What we do

How does **BNY Mellon Investment Servicing Trust Company** protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does **BNY Mellon Investment Servicing Trust Company** collect my personal information?

We collect your personal information, for example, when you

- Open an account or deposit funds
- Make deposits or withdrawals from your account
- Provide account information
- Give us your contact information
- Show your government-issued ID

We also collect your personal information from affiliates or other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only

- Sharing for affiliates' everyday business purposes—information about your creditworthiness
- Affiliates from using your information to market to you
- Sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- **BNY Mellon Investment Servicing Trust Company** does not share information with nonaffiliates so they can market to you.

Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- **BNY Mellon Investment Servicing Trust Company** doesn't jointly market.

Other important information

This notice applies to individual consumers who are customers or former customers. This notice replaces all previous notices of our consumer privacy policy, and may be amended at any time. We will keep you informed of changes or amendments as required by law.

BNY MELLON INVESTMENT SERVICING TRUST COMPANY

Supplement to the Traditional and Roth Individual Retirement Account (IRA) Disclosure Statement

DEADLINE EXTENSION FOR 2015 CONTRIBUTIONS TO A TRADITIONAL OR ROTH IRA:

Most eligible individuals will have until Monday, April 18, 2016 to make contributions to a Traditional or Roth IRA for 2015. This extension is due to Emancipation Day, a legal holiday in the District of Columbia, which will be observed on Friday, April 15, 2016. Residents of Massachusetts and Maine will have until Tuesday, April 19, 2016 to make 2015 contributions due to the additional observance of Patriots' Day, a legal holiday only in the states of Massachusetts and Maine. For more information on this extension, please refer to the IRS Publication entitled "Correction to 2014 Publication 590-A, Contributions to Individual Retirement Arrangements".

2016 IRA CONTRIBUTION LIMITS FOR TRADITIONAL AND ROTH IRA:

The maximum allowable contribution to your IRAs (deductible, non-deductible, and Roth) for the tax year is the lesser of (a) \$5,500 or (b) 100% of your compensation or earnings from self-employment. For those who have attained or will attain the age of 50 before the close of the taxable year, the annual IRA contribution limit is increased by \$1,000 (total of \$6,500 for 2016). Any contribution made to your IRA will be treated as a current year contribution recorded in the year it is received, unless the contribution is made between January 1 and April 15, 2016, and you have identified the contribution as a prior year contribution. Please read the Combined IRA Disclosure Statement carefully or consult IRS Publication 590 for IRA eligibility requirements and contribution restrictions.

2016 TRADITIONAL IRA INCOME TAX DEDUCTION:

Your contribution to a traditional IRA may be deductible on your federal income tax return. However, there is a phase-out of the IRA deduction if you are an active participant in an employer-sponsored retirement plan. The IRA deduction is reduced proportionately as modified adjusted gross income increases. If you are not an active participant in an employer-sponsored retirement plan, there is a phase-out of the IRA deduction based on income and, if married, based on whether or not your spouse is covered by a workplace retirement plan. Please consult IRS Publication 590 for calculating your deductible contribution as it pertains to individual income and employer-sponsored retirement plan circumstances. Your contributions in excess of the permitted deduction will be considered non-deductible contributions.

DEDUCTION LIMIT - Effect of Modified AGI on Deduction – Covered by a Retirement Plan at Work

TAX YEAR 2016	Full deduction if modified AGI is:	Partial deduction if modified AGI is:	No deduction if modified AGI is:
Single Filers or Head of Household	\$61,000 or less	More than \$61,000 but less than \$71,000	\$71,000 or more
Married - filing jointly or Qualified Widow(er)	\$98,000 or less	More than \$98,000 but less than \$118,000	\$118,000 or more
Married - filing separately	N/A	Less than \$10,000	\$10,000 or more

DEDUCTION LIMIT - Effect of Modified AGI on Deduction – You are NOT Covered by a Retirement Plan at Work (Spousal Coverage Considered)

TAX YEAR 2016	Full deduction if modified AGI is:	Partial deduction if modified AGI is:	No deduction if AGI is:
Married - filing jointly - spouse covered at work	\$184,000 or less	More than \$184,000 but less than \$194,000	\$194,000 or more
Married - filing separately - spouse covered at work	N/A	Less than \$10,000	\$10,000 or more

2016 ROTH IRA CONTRIBUTION ELIGIBILITY:

For 2016, your Roth IRA contribution limit is reduced (phased out) based on your modified AGI as follows:

TAX YEAR 2016	Full contribution if modified AGI is:	Partial contribution if modified AGI is:	No contribution if AGI is:
Married - filing jointly or Qualified Widow(er)	Less than \$184,000	At least \$184,000 but less than \$194,000	\$194,000 or more
Married - filing separately	N/A	less than \$10,000	\$10,000 or more
Single, Head of Household or Married - filing separately and you did not live with your spouse at any time during the year	Less than \$117,000	At least \$117,000 but less than \$132,000	\$132,000 or more

These limits may be adjusted from time to time by the Internal Revenue Service; please refer to Publication 590 for current year limits.

SPOUSAL PROVISIONS FOR SAME SEX COUPLES:

In accordance with federal regulations, where an individual is lawfully married to another individual, regardless of sex, both individuals shall be treated as a "spouse" for federal tax purposes. Individuals in a civil union or domestic partnership will not be treated as spouses for federal tax purposes.

SAVER'S TAX CREDIT:

The Saver's Tax Credit rewards low to moderate income taxpayers who contribute toward their retirement savings with a non-refundable dollar for dollar tax credit that could reduce their federal income tax liability. Eligibility to participate in the program is based on your filing status and adjusted gross income. For more information about the Saver's Credit, check the IRS website www.irs.gov under the term "Retirement Savings Contributions Credit" or "Saver's Credit".

QUALIFIED CHARITABLE DISTRIBUTIONS ("QCDs"):

Certain taxpayers may transfer funds from their IRA to an eligible charitable organization. To qualify the IRA owner must be age 70½ or older. QCDs may be made from a traditional IRA or a Roth IRA and may be used to satisfy a participant's required minimum distribution ("RMD") for the tax year. The maximum annual amount that may be distributed each year is \$100,000 regardless of how many IRAs the participant owns. For married individuals filing a joint return, the limit is \$100,000 for each individual IRA owner. More information about QCDs can be found in IRS Publication 590-B Distributions from Individual Retirement Arrangements (IRAs).